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**HUMAN RESOURCE DEVELOPMENT IN MULTINATIONAL
CORPORATIONS IN TANZANIA**

Master's Thesis in
Management

International Business

VAASA 2008

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Line:	International Business	
Year of Entering the University:	2005	
Year of Completing the Thesis:	2008	Pages: 98

ABSTRACT

This study researched on Human Resources Development (HRD) in Multinational Corporations (MNCs) that are operating in Tanzania. The study focused on HRD needs, methods and their implementation, evaluation systems used in MNCs, and factors influencing HRD practices. In addition, the types of strategies used in implementing HRD functions in subsidiaries located in Tanzania were explored.

The methodology that was applied to carry out the study was qualitative research. The theoretical background was drawn from previous researches on MNC practices and strategies, Human Resource Management (HRM) and Human Resource Development (HRD) together with institutional theory. Research data was gathered by conducting interviews in 8 MNCs operating in Tanzania.

The study revealed that HRD needs for many MNCs that are operating in Tanzania are largely determined by both employees and management. However, decision as to which needs are to be implemented is left to either the department responsible for HRD or the management depending on the structure of the organization. The results further indicated that HRD needs identification is done in all levels i.e. strategically, tactically, and operationally. HRD methods and programmes that are used by MNCs in Tanzania were found to include induction courses and the use of expatriates. Inpatriates are also used. Factors that were found to influence MNCs' HRD practices in Tanzania include: culture; willingness to learn; nature of business; country labour policy; regulations and laws including country's education system.

The study concluded that since time has been identified to be among factors, which hinder the HRD practices for MNCs, flexible methods such as distance learning could be used especially for busy employees. This can increase the chances to employees to be able to enhance their career path. If the HR is well developed the MNCs operating in Tanzania also benefit by achieving better performance and increase competitive advantage. Local corporations too will be able to learn from MNCs and improve their performance.

KEYWORDS: Human Resource Development (HRD), Multinational Corporations (MNCs), Human Resource Management (HRM), Global Integration, Developing Countries.

1. INTRODUCTION

Companies and organizations have found themselves facing an increased competition due to globalization, changes in technology, political and economical environments (Evans, Pucik & Barsoux 2002:32) and therefore extend their operations to overseas. One mode of extension to these markets is through establishment of subsidiaries. By operating in different countries with different practices and cultures, MNCs are faced with the challenge of how to execute their strategies and how to manage foreign affiliates such as whether they should use standardized, localized or a mixture of standardized and localized (glocalized) strategies and policies. This situation brings in challenges to MNCs operations on how to balance the two strategies. It should be noted that cultural and institutional differences play a big role in determining which practices among standardization, localisation and glocalization should be applied (Briscoe & Shuler 2004: 62).

Because MNCs have expanded operations to different locations abroad, they are faced with the challenge of dealing with different cultures both nationally and organizationally, which bring in different ways of doing business. Therefore there is a need for MNCs to understand well the institutional framework of the country where their operations exist. In considering human resource management (HRM) within MNCs, the differences in institutional framework play a big role in explaining the HRM practices. Institutions and, in particular, legal framework will have a significant impact on the ability of MNCs to impose their approaches as used in parent company to its affiliates located in different countries (Ervasti & Suutari 2004). There are also differences in the way the employees from different nations and organizations behave and operate. The differences come in due to the different values, policies, strategies and even nature of organization's business (Devanna, Fombrun & Tichy 1984; Briscoe & Schuler 2004:201; Kim & Gray 2005:809). According to Murtha & Lenway (1994), political institutional structures affect the MNCs strategies. Therefore MNCs find it difficult to distinct themselves from the influence of institutional framework of different countries to where they operate. Institutional framework will therefore have an influence on the MNCs in choosing among standardization, localization or glocalization strategies (Murtha et al. 1994). At the same time, there

are increasing pressures for global integration in order to increase corporations' competitive advantages by the use of best practices across corporations.

In choosing the strategies to be used for different HRM functions, MNCs may decide to choose standardized strategies or let its affiliates to design HRM functions locally. The choices will include deciding on distribution of power among managers; host country nationals, parent country nationals and third country nationals. (Laurent 1986: 91 – 102). However, due to situations such as local nationals feeling that they can run operations in their own countries better than any one else while on the other hand the organization may require global perspectives and qualifications (Briscoe et al. 2004:60 – 62), the need to use both strategies may arise. Though the organization may view local nationals less competent in the global business, in order to succeed in there operations, MNCs may need to consider localizing some of their HRM functions. In addition, local laws and practices may also force MNCs to run HR practices in a different way compared to what they think is the best practice (Briscoe et al. 2004:61).

In order for MNCs to be able to determine which strategy fit which function of HRM, thorough analysis of local institutions, culture and controls need to be performed and this will help MNCs achieve their objectives and goals. In order to succeed, MNCs have to obtain and utilize its human resource (HR) effectively. MNCs need to design its HR in such a way that it fits into organization's structure. In addition it will make the MNCs achieve their goals and objectives. It is also important for MNCs to assist their workforce in obtaining the necessary skills needed and increase commitment. If the expertise of the host country managers is used efficiently together with the expertise of parent country managers, there is a possibility for MNCs to achieve desired competitive advantage and therefore organizational success.

Dealing with employees from different cultures makes the HRM in MNCs more complex compared to domestic HRM. There are additional tasks on HRM in MNCs such as dealing with expatriates, inpatriates and repatriates. There is also a need to learn other countries' policies (international processes) and culture so as to be able to manage accordingly.

Training and development of global workforce and managers within MNCs has been argued to be one of the core functions of HR (Rondinelli, Rosen & Drori 2001:204; Briscoe et al. 2004:261 – 262). Due to the involvement in multiple subsidiaries in different countries, transfer of its technology and other core competencies to other countries while pursuing global strategy and with a number of expatriates sent to foreign affiliates, training and development function for MNCs become more complex (Briscoe et al. 2004:261 – 262). It is therefore important for the MNCs to be well aware of all the issues involved in HRD.

The HRM challenge: availability of competent local workforce and managers, analysing of needs and job market situation. In addition, other challenges concerning training and development function may be caused by the fact that methods and programmes developed in headquarters may not work in all subsidiaries. Therefore, a localization of methods and programmes may be required.

MNCs operating in Africa may face a lot of complexity in performing HR functions. Although African countries are expected to be similar, this should not be perceived the case. There is a wide range of diversity across regions for example, Sub-Saharan Africa, South Africa, West Africa, North Africa and also among countries (Harvey 2002:1120 & Jackson 2002b:999). Such diversity exists due to various reasons such as; political, economic, social and cultural reasons (Kamoche 2002:994). For example, most of African countries were colonized by different western countries like Germany, United Kingdom, France and Portugal. After independence, these countries inherited some of the colonial systems. One of the inherited elements is the education system which has impact on skills and kind of HR in a particular country.

Most of the economies in African countries are transitional and are trying to move from closed economy to open economy. Privatization of public sector is still going on and thus governments have some interference to business activities. Therefore, MNCs operating or thinking to operate in Africa have a lot to learn about African business context. As Harvey (2002) put it, there is a lot of unknown in human resource issues in the African context. In his study he uses Alice's adventures in Wonderland story to explain the situation facing foreign companies going to Africa.

Diversity in Africa makes the management of human resources challenging. For example most MNCs have problems in finding proper human resources (Kamoche 2002:994). This may be thought so because of the mostly known of African business context as full of different kinds of problems such as political instability, corruption, bureaucracy, poor infrastructure, low levels of education and purchasing power, diseases and famine (Kamoche 2002:994 – 995).

Tanzania is currently putting a lot of efforts on encouraging and welcoming foreign investment to the country so as to enhance the economy. According to Tanzania Investment Centre (TIC), the investors are welcomed to invest in different sectors; agriculture, livestock, mining, tourism, manufacturing, banking and insurance, health and education, natural resources and economic infrastructure. To make the environment more attractive, there are some incentives to investors such as import duty and value added tax (VAT) exemptions. However, MNCs need to be aware of the situation and labour environment in Tanzania and the rest of Africa when considering business operations in this kind of complex environment.

Despite of increase in the existing potential to invest in African economy because of the growing economy opportunities, availability of resources such as cheap labour, raw materials and the encouragement of foreign investment by governments, there is less research undertaken on this context. The lack of research on the African and Tanzanian business environment on management sciences and, in particular, HRM (Baruch & Clancy 2000:791) hinders the availability of clear knowledge about business environment in Africa and its countries. One of the unclear aspects is HRM practices and how they are similar or different from practices in other areas especially developed countries. Another aspect is how they affect the operations of MNCs in Africa and particularly in Tanzania. According to Briscoe and Schuler (2004:62), there is less research on what determines the type of HRM system an MNC chooses for its overseas subsidiaries. The question is: will the MNCs allow subsidiaries to create their own HRM systems or will there be standardized HRM system for both headquarters and subsidiaries?

HRD issues in the emerging/developing economies have not received sufficient attention in literature (Debrah & Ofori 2006: 440). The existing studies (Baruch et al.

2000; Harvey 2002; Harvey, Matt & Milord 2002; Jackson 2002a; Jackson 2002b; Kamoche 2002; Kamoche, Debrah, Hortwiz & Muuka 2004; McCourt et al. 2003; Wood & Els 2000; Kraak 2005) have focused on HRM in general and thus bring in a gap to studies on the specific HR functions. This study will contribute in minimizing the gap in the HRD literature (Hortwiz, Bowmaker & Searll 1996; Cox, Estrada, Lynham & Motii 2005; Kraak 2005) and establish the basis to the understanding of HRD in Tanzania.

1.1 Goals of the Study

In the light of this background, the aim of this study was to increase the understanding of HRD practices of MNCs operating in Tanzania. The sub goals included:

- What are the HRD Needs?
- What are the HRD Methods and their implementation?
- What are the evaluation systems?
- Which factors influence HRD practices?
- Which strategies do MNCs use (standardization or localization)?

It is expected that the findings of this study will help MNCs already operating in Tanzania and struggling to get the required human resources needed for the competitive performance of their corporations. It will also be a starting point for other MNCs planning to start operations in Africa and especially in Tanzania in the future. The study will help to highlight the extent to which MNCs practices can be beneficial not only to the corporations themselves but also to the career development of its employees. MNCs operations in developing countries provide chances for local skilled labour to advance their careers and better jobs at home and therefore minimize the risk of brain drain which is feared by developing countries (Briscoe et al. 2004:210). In addition, there may be a different view of the stereo type that foreign corporations are only interested in exploiting employees and destructing environment (Kamoche 2002:996) in developing countries.

1.2 Key Concepts

Human resource management (HRM) is the way organizations manage their staff and help them to develop (McCourt et al. 2003:2) in order to be able to execute organizations' missions and goals successfully.

Human resource development (HRD) is the integration of individual, career and organization development roles in order to achieve maximum productivity, quality, opportunity and fulfilment of organizations members as they work to accomplish the goals of the organization (Pace, Smith & Mills 1991:6)

Multinational Corporation (MNC) in this study stands for all corporations which have their operations located in different countries around the world. The distinction in strategies and level of internationalization is ignored and therefore all international, multinational, transnational and global corporations are regarded as MNCs.

Global integration is referred to as the process of creating the possibility of using similar processes, policies and strategies across the corporation in its different locations around the world and making them work. In this case best practices (policies, processes and strategies) are used and applied. This will mean that organization and its unit will be working within a coordinated network (Ervasti et al. 2004).

Developing countries are the countries with low per capita income, which means that the economies of these countries are not developed enough to keep the standard of living high. They are not industrially developed as the so called developed countries.

1.3 Structure of the Thesis

This thesis is structured into six chapters; Chapter One gives a brief background to the subject of the study. It starts by describing HRM and HRD in MNCs. It also gives a brief description of HRM and HRD in Africa and Tanzania. Academic and practical relevance of the study is also discussed in this chapter. After this, the goals of the

study and a brief definition of key concepts are presented. At the end of the chapter the structure of the study is described.

Chapter Two discuss the theoretical positioning of the study. The focus is on HRM practices. MNCs strategies are discussed together with HRM functions. Next is the discussion on how the institutional framework of countries affects the MNCs strategies. The chapter goes further discussing on strategic human resource management (SHRM). In the end of the chapter HRM within MNCs in Africa is discussed.

Chapter Three explores HRD and starts by a discussion on HRD within MNCs, followed by a presentation of HRD activities, training and development methods. The chapter continues with discussion on HRD in developing countries and Africa.

Chapter Four presents the study methodology and discusses the procedure used to obtain the data, the reason for using this method, reliability and validity of the study. In the end the limitations of this study are discussed.

Chapter Five presents the study results and their analysis. The results and analysis are discussed and presented within HRD's; needs, methods, evaluation systems and factors influencing the practices.

Chapter Six discusses managerial implications and the conclusion to this study. Towards the end of the chapter, research gap and further research are suggested.

After the introduction to the subject, the following chapter will be discussing HRM and the issues related to it.

2. HUMAN RESOURCE MANAGEMENT

This chapter discusses different HRM practices within MNCs and the role of strategic HRM in MNCs. The importance of HRM to the organization's competitive advantage is also discussed. At the end of this chapter, HRM in Africa on MNCs is discussed.

HRM involves the management of the human resource needed for an organization and making sure that this HR, which is suitable to organization's vision, strategy and objectives, is obtained and sustained. Looking at an organization, the main aim of an organization is to achieve competitive advantage through the exploitation of the available opportunities in different markets and resources over competitors. MNCs need therefore to take advantage of the available opportunities effectively through adapting to local environment differences and also learn from them while exploiting the economies of scale and scope. They can use what is learned across the organization (Briscoe et al. 2004: 70 – 71). The challenge will be how to integrate across the organization, coordinate and also balance the different and opposing forces such as centralization and decentralization successfully.

The MNCs objective will therefore be to utilize fully their competitive advantage and compete successfully with competitors (Svensson 2001:7 – 8, Schuler et al. 2004:18). However, if there is no good management of these opportunities, the expected competitive advantages will not be achieved by MNCs.

Among organization's resources, resources that can not be imitated by competitors such as immovable ones (experiences and knowledge) will enable organizations to be effective and competitive. This gives the need for organizations to select appropriate and effective HRM practices so as to be more competitive and successful. Competitive HRM may enable the organization to distinguish itself from others through its performance and achievement of its competitive targets.

MNCs operations are located in different parts of the world of which practices and behaviours defer (Briscoe et al. 2004). Therefore the knowledge of how different these practices are will enable the MNCs choose to use suitable practices in these different locations which have different cultures. The productivity of people (skills,

experience and knowledge) has economic value for organization (Schuler et al. 2004:16). This is because they are able to be productive and adaptive. The potential value of human capital can only be realized if there is cooperation among the people involved. Therefore motivation, monitoring and retaining may be considered to be among the key factors to enable the return expected from human capital. For this reason, there is a need for human capital investment e.g. training and development. Training is also argued to be a means of improving individual, group and company performance (Brewster & Shaun 1991:151).

The MNCs strategies differ from company to company depending on the type of business they are doing, size, ownership and location (Hendry 1994:69 – 70; Buckley & Casson 1979). These differences are the ones bringing in the need for MNCs to have different strategies for its operations in different locations. The human resource will be searched to suite companies' objectives and strategies and therefore it will differ from company to company.

In implementing their strategies, MNCs are faced with the problem in responding to variety of national demands while maintaining a clear and consistent global business strategy i.e. local responsiveness and global integration (Evans et al 2002:28). Though globalization is increasing and benefits are attractive, the differences in culture, administration, geographical and economic positions, bring in the need to consider localization too (Ghemawat 2001:138 – 147). Though similar strategies can be made to work everywhere, there may still be some degree of adaptation needed for organizations to succeed while operating across borders. The adaptation may be needed due to countries' differences, which may lead into countries not always accommodate some specific practices of a certain organization. The examples of what might not be acceptable is product types, operation style and business culture (Briscoe et al. 2004:69)

Therefore in extending their operations, MNCs choose to use strategy which is suitable for the particular market. They therefore choose to use either of the two strategies or combination of them i.e. *standardization*, *localization* or *glocalization*. In cases where they choose to use glocalization strategy (Svensson 2001), for HRM some functions will be globally integrated and some will be localized. With

standardization strategies, parent company will try to implement its strategies across the organization including its subsidiaries without adaptation to the host countries differences. In contrary, localization strategies will mean that the parent company will consider the existing differences in creating policies and strategies for their subsidiaries. For this matter, there may be some differences between the parent company policies and strategies and the one used by their subsidiaries. Glocalization strategy gives the possibility to use similar strategies and policies across the organization but with some adaptation to local needs and specifications. It does not need to have totally different practices for the subsidiaries but rather modify them to suite the environment.

Therefore, the concern of MNCs on HRM functions will be on the degree of HRM practices localization and standardization. The question to which functions are to be standardized and which ones are to be localized will be upon MNC's decision with reference to its strategies, industry to which it is operating, location, technology used and the institution framework in the specific country of operation.

2.1 Functions and Activities of Human Resource Management

The major function of HRM is to ensure availability of effective and efficient human resources, which meet organization's objectives. For MNCs, the human capital required need to be the one which will be able to keep and continue the company's competitive advantage over other companies in different locations in the world. International human resource management (IHRM) needs to be able to make sure that this kind of HR capital, which integrates with business objectives is available and developed. The development will help personnel's career growth for the better performance and finally better performing company (Devanna, Fombrun & Tichy 1981).

The functions of HRM have been differently classified by different researchers though they all lie within same meaning of providing needed and effective human resource. For this study, Briscoe's (1995:19) core functions of human resource management will be used. These functions are also comprised of other activities in an

international arena such as HR planning, selection, information systems, job analysis and evaluation (see Figure 1). However, the main ones include:

- Staffing
- Training, development
- Performance appraisal
- Compensation and benefits
- Union and employee relations and health and safety

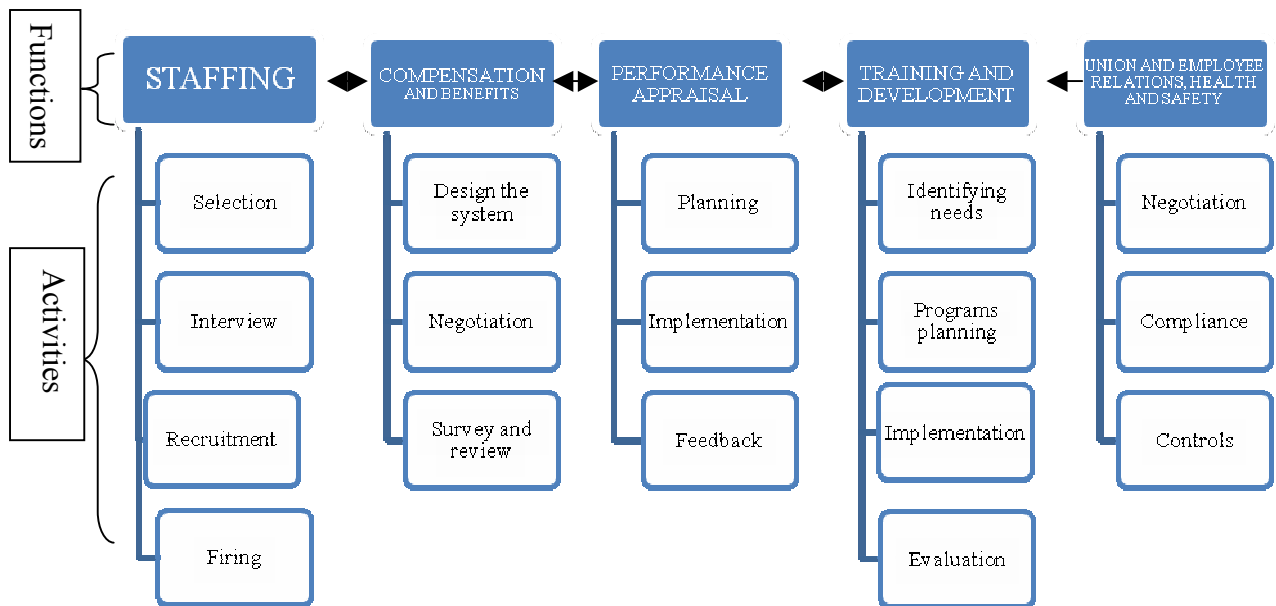


Figure 1. Human Resource Management Functions and their Corresponding Activities.

According to Pace, Smith & Mills (1991: 4 – 6), human resource activities are categorized according to their contributions. First, there are those which contribute to the *improvement of system* (HRD) i.e. career, individual and organization development. These activities focus on improving the organization's productivity and quality of performance. Second, are those that contribute to the *creating of the system* i.e. selection and staffing, planning, job design and organization design. These activities focus on selecting and matching people's jobs with the organization objectives. Lastly, are those activities which contribute to the *maintaining of the system* i.e. labour relations, employee assistance compensation and benefits and

information systems. These activities focus on providing services to the human resources after the organization has started to operate and strategies are set (Pace et al. 1991:6). These activities have been summarized in Figure 2.

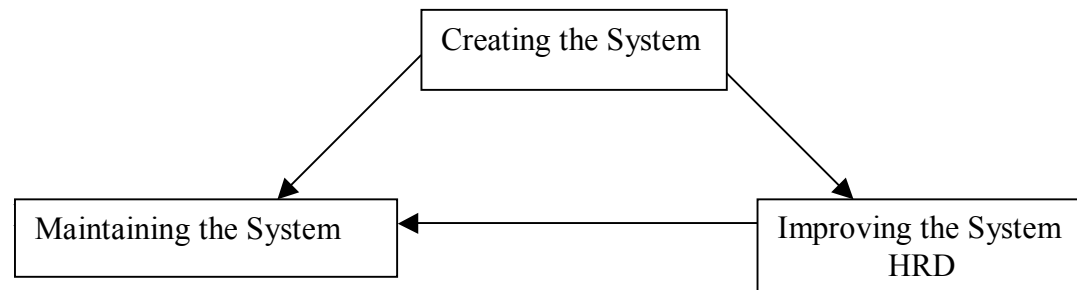


Figure 2. Human Resource Activities.

2.2 Practices and Interrelationships within Human Resource Management

Functions

There are different HRM functions which have been differently categorized by different scholars. As mentioned earlier in the previous section on functions and activities of HRM, for the purpose of this study the categories by Briscoe will be used. Though these functions are different they are all related and one affects the other. For example the staffing function is very much interrelated to compensation and performance appraisal. Personnel are hired according to organization's strategies. One of the strategies is compensation strategy which may enable sustainability and high performing company. If the organization has compensation policy and strategy that is competitive enough it may enable its personnel to stick with it and new one looking forward to be part of it.

These kinds of policies may increase the commitment of employees and hence high performance. On the other hand, the compensation practices of an organization may affect the process of hiring. It may make the process difficult or easy. Difficult in the sense that, if the compensation policies are not attractive enough, it may be difficult to obtain the required staff and, easy in the sense that if the policies are attractive

enough, employees will be looking forward to work for the organization and therefore easy to get them hired and retained. Always the corporations will hire according to their ability to utilize, compensate and sustain its HR. Therefore the compensation will somehow determine the type and size of personnel for an organization.

The following section discusses briefly each function and how it relates to other HRM functions.

2.2. 1 Staffing

For the MNCs the function of staffing involves hiring, selection of employees and sometimes retrenching or firing. This process make MNCs deal with national and corporate culture differences in both hiring local staff and expatriates (Briscoe 1995:45 - 75). Each country has its own specific labour policies, which may sometimes be conflicting with the MNCs hiring policy. The challenge is for the MNC to be able to balance the conflicting elements and being able to come up with a suitable strategy which can be implemented successfully. Depending on the strategies and policies of an MNC, staffing can take the form of either ethnocentric, polycentric, regiocentric or geocentric choices (Hendry 1994: 78 - 80). With ethnocentric choice the staffing decision and policies will come from parent, with polycentric and regiocentric choices the staffing decision and policies will come from the host and or region management. With the geocentric choice staffing policies and decisions will be from any where around the world where best skills are found and without a specific preference of either parent or host country (Briscoe et al. 2004: 54 - 55).

These choices will give some indications to MNCs to either decide to localize, standardize or glocalize their staffing practice. This will mean that the MNC will have to determine where the key personnel should come from; is it from head office, any where around the world or from the host country. This as mentioned earlier, will to some extent be affected by the MNC's own strategies, the host country's policies and the nature of business the subsidiary is operating at. It is also suggested that even the nature of subsidiary formation may also affect (Briscoe et al. 2004). The formation may either be through acquisition, merger or green field.

If the staffing function is well suited to the organization's strategies, it will also make the process of appraising easily implemented as the HRM knows exactly what is expected of the hired personnel and can evaluate their performance. On the other hand the personnel can evaluate themselves depending on what they are expected to deliver and easily identify their potentials and which developments are required. The staffing function will affect almost all other HR functions because all functions will move towards the direction of staffing policies (Hendry 1994: 80 - 88).

Staffing function involves several activities such as getting into the source of required staffs and selecting which among those may fit the required criteria. After selecting, the HRM is required to arrange interviews and where needed conduct the interviews. Both selection and interviewing are performed in order to recruit the required personnel. In some cases the organization may also be required to fire some of its personnel for various reasons one being misconduct or overcapacity. It is argued that the core functions of HR systems are to recruit, develop, retain and utilize fully (Ghauri & Prasad 1995:354 - 355). Full utilization will therefore involve making sure that there is no overstaffing and thus sometimes cut down the staff size. These functions can be successfully implemented if the right workforce is obtained.

2.2.2 Training and Development

This involves training and development of workforces and managers (Briscoe 1995: 83). This function requires capability to do it and thus MNCs need to develop and have managers who can handle this function well and handle its operations in a competitive way so as to ensure their global success (Briscoe et al. 2004:302 – 303). This process will make IHRM's responsibility more complex as compared to that of a domestic HRM. IHRM needs to deal with complex policies, systems and culture through attaining this task. The dual push due to the need to comply with host country's environment and parent country's policies will be the ones bringing in more complexity. As much as MNCs would like to have similar practices across the organization, it might also be that the local country does not permit some of its practices and thus create difficulties in implementation.

Training and development falls under HRD function which has been argued to be an important function of HRM (Weil & Woodall 2005). *Identifying* the needs for training and development and selecting methods and programmes suitable for these needs, plan how to *implement* them and finally *evaluating* their outcome results (McCourt & Eldridge 2003:237), will be among the activities under this function.

For managerial development, on-the-job and in formal training experiences enable managers to manage working with different people from different areas around the world. The experience gained help to highlight practices and existing difference around the world where these corporations are embedded (Adler & Bartholomew 1992) and ways to deal with them in a productive manner. Because of their operations in different locations around the world, MNCs have to plan and implement training and development approaches and programmes that prepare its managers both from headquarters and host countries to develop among all, international skills. Foreign assignments for both expatriation and inpatriation can be used to enhance individual and organizational learning of the international skills. These methods enable managers to develop their worldwide perspective and cross-cultural skills, which can, at the end, help them become globally sophisticated managers (Adler et al. 1992). The more competent the managers are in international business, the more successfully they can execute business strategies and therefore the success of the organization as a whole.

With the help of the performance appraisal reports and findings, the organization can be able to identify development needs. However, individuals themselves can help to indicate the areas requiring improvement as a result of the issues raised in the performance appraisal process and their career path needs.

2.2.3 Performance Appraisal

Performance appraisal process enables both the individual and the organization analyze, examine and evaluate the performance of specified objectives over a period of time. The appraisal can either be in formal or formal (McCourt et al. 2003:209).

The appraisal will enable the realization of where the job was done as expected, where not and what are the causes of problems in achieving what is expected. It might be the failure of one to perform at the maximum expected performance or the systems used fail to support the performance. Without a system, which will help to identify all these kinds of problems, the managers may end up blaming the employees for not performing (McCourt et al. 2003: 209 – 210). Performance appraisal can be conducted once, twice or several times a year. The frequency will be determined by the organizations depending on the resource capability and what is to be evaluated with regard to organization's objectives and strategies.

Organizations use performance appraisal to assess their employees and the findings are used in decision making such as what are the most needed training and development programmes and at what time. However, if there are no proper systems and plans to deal with the findings of the performance appraisal, the expected benefits of this process for the organization may not be realized.

However good the performance appraisal may look for the organization, it may be bad if not professionally handled. Depending on the appraisal feedback; negative or positive, its impact to the employee may damage the organization if not taken well by the employee (McCourt et al. 2003:211 – 212). It can demoralize the employee and sometimes may lead to losing the key employees just because they could not take the appraisal feedback and feel that they will be better off somewhere else.

HR professionals and management need to design performance appraisal system that can be implemented effectively. The evaluator should be competent and familiar with the environment he/she is doing the appraisal as performance may be understood in different perceptions (Briscoe et al. 2004: 352 – 354). For some managers performance may be viewed in relation to customer satisfaction while others may relate performance with the achievement of set goals and objectives. Feedback should therefore be handled carefully and it is suggested to be directed not only to one way but both the organization and the employee involved should contribute to the means of meeting the objectives (McCourt et al. 2003: 211 – 213).

2.2.4 Compensation and Benefit

This involves designing and implementing of individuals and organizations pay and benefits schemes, which for MNCs will involve having a clear understanding of pay and benefits systems of various countries (Briscoe 1995: 107 – 143). Also at the same time match the pay with parent company's pay systems so as not to make host country's staffs have the feeling that they may be underpaid. As it is in the case of other HR functions that the element of international brings much complexity to HR managers, compensation and benefits is also complex (Briscoe et al. 2004: 305 – 308). The complexity is due to the fact that there is a variety of differences in policies both corporate and national, different cultures which brings in different view of what is the best compensation or benefit.

It is complicated in determining the pay and benefits of say; expatriates, inpatriates, local managers (citizens and immigrants). Different countries approaches, in labour policies (Briscoe et al. 2004:306) and different education systems brings more complexity into the process. Depending on the education system of a country, employees of the same level of education in different countries may have different skills. The challenge to the MNCs is how to plan, implement and justify a same or different pay and benefit package for the employees of say, same level of education without affecting their performance and motivation?

Due to differences in standard of living in different countries, the salary scales and level differ. This is also a big challenge to the HR manager and the organizations in coming up with appropriate compensation and benefit policies, which can be successfully be implemented in different subsidiaries located in different locations around the world. According to Briscoe et al. (2004: 306 - 307), the main objectives of multinational organizations' global compensation programme will include attracting and retaining qualified employees in international assignments, facilitating transfers in different locations between foreign affiliates and headquarters. The transfers will enhance their knowledge of international environments and cross-cultural issues. The programme will also include maintaining and establishing of a consistent and reasonable relationship of the compensation and benefit of employees across the organization both in subsidiaries and home countries. The compensation

programme should also be competitive enough so as not to let competitors use the loophole to poach the key employees. However, the companies should also monitor the cost so that they are minimized as much as possible.

In order to stay and be competitive enough there is a need to conduct surveys and reviews of the labour market in order to know how your corporation is doing among other competitors.

2.2.5 Union, Employee Relations, Health and Safety

This involves the relationship of unions and labour and how they affect the performance of employees. Labour unions are strong in some countries and less strong in some other countries. It is therefore up to management and IHRM's function to manage them in a productive way. Since the unions are the representative of the employees, MNCs need to share decision-making power with them to some extent (Briscoe et al. 2004: 161). It is argued that the function of labour relations is in most cases left to the local HR managers in the subsidiary due to the fact that these relations differ to a large extent among countries (Briscoe et al. 2004: 161 – 163).

The role of trade unions is mainly to protect employees' interests and they tend to be the link between the organization management and employees. Therefore, there are a lot of negotiations between management and unions in either resolving dispute between employees and management or try to fight for the best interest to its members (employees). According to country's labour policies, MNCs may be required to comply with unions though it is not part of its practices. Trade unions may be very strong in some countries and thus have much influence on organizations' HR practices.

According to Briscoe and Schuler (2004:161 – 162), in the global context, MNCs use different approaches to labour relations. There are seven approaches used according to their view. The First approach is the *hands-off*. In this approach the responsibility of labour relations is entirely left to the local managers. The Second approach is the *monitor*. Here the headquarters IHRM try to forecast the labour relations problems for

the parent company by getting information from their foreign locations. With this approach the primary responsibility is still left to the local managers. The Third approach is *guide and advice*. With this approach, Headquarters' IHRM provide ongoing advice to the subsidiary managers on how should the labour relations be handled. The guidance usually follows the headquarters' policies. However, headquarters need to have a thorough understanding of the local labour relations' regulations and practices. The control still is left in the hands of local managers.

The Forth approach is *strategic planning*. In this approach the international relations issues are incorporated into the corporation's strategic planning. The Fifth is *set limits and approve exceptions*. This approach operates in a way that MNCs set specific centralized control over local practices on how labour relations activities should be practiced. The Sixth is *manage totally from headquarter*. In this approach labour relations actions are directed by headquarters and local subsidiaries have no freedom of policy or practice in these activities. Finally The Seventh is the *integration of headquarters international human resource (IHR) and line management in the field* approach. With this approach the relations activities are managed by subsidiaries and are fully integrated with the help of IHR from headquarters.

Health and safety of employees is another important aspect to be taken care of and there are different policies concerning this aspect depending on the country's policy. (Briscoe 1995: 147 – 170). Health and safety is important since the well-being of employees is important. Since MNCs are located in different locations around the world, there is a wide risk over its employees. There is a lot of travelling for international assignments and training reasons, which increase the concern about having proper practices and policies on the issues of safety and health (Briscoe et al. 2004: 374 – 375). Due to different local customs, culture and regulations, the responsibility of safety and health issues is normally left to the local subsidiary.

Depending on the country's labour policy, there may be some rules set with regards to safety and health of employees. These rules and controls over organizations against employees may be such as; compulsory workman compensation schemes where all organizations are required to insure employees at work. Another control may be regular inspection of working environment by the government and union officials.

The inspection may be aiming at ensuring that the company is following the set policies and has a safe working environment for its employees.

2.3 Strategic Human Resource Management

Strategic human resource management (SHRM) is associated with the creation and implementation of HR practices that enable MNCs and other organizations achieve their vision, goals and objectives (Briscoe et al. 2004:37 - 38). According to SHRM, there is a need to develop HR strategies alongside with the general strategy of the organization so as to acquire the strategy fit (Baruch et al. 2000:791). As mentioned earlier, the MNCs strategy may be formulated at parent company level and be used across the corporation including the subsidiaries which means the MNC will be using *standardized practices*. Another way is where each country is given autonomy to formulate its own strategies, which suite that particular environment, which means *localized practices*. The other alternative is the use of strategies formulated at parent level or other selected centre of excellence and shared across the corporation with some adaptations to specifics of a particular area's needs which means *glocalized practices*. The above strategies have been summarized in Figure 3 below.

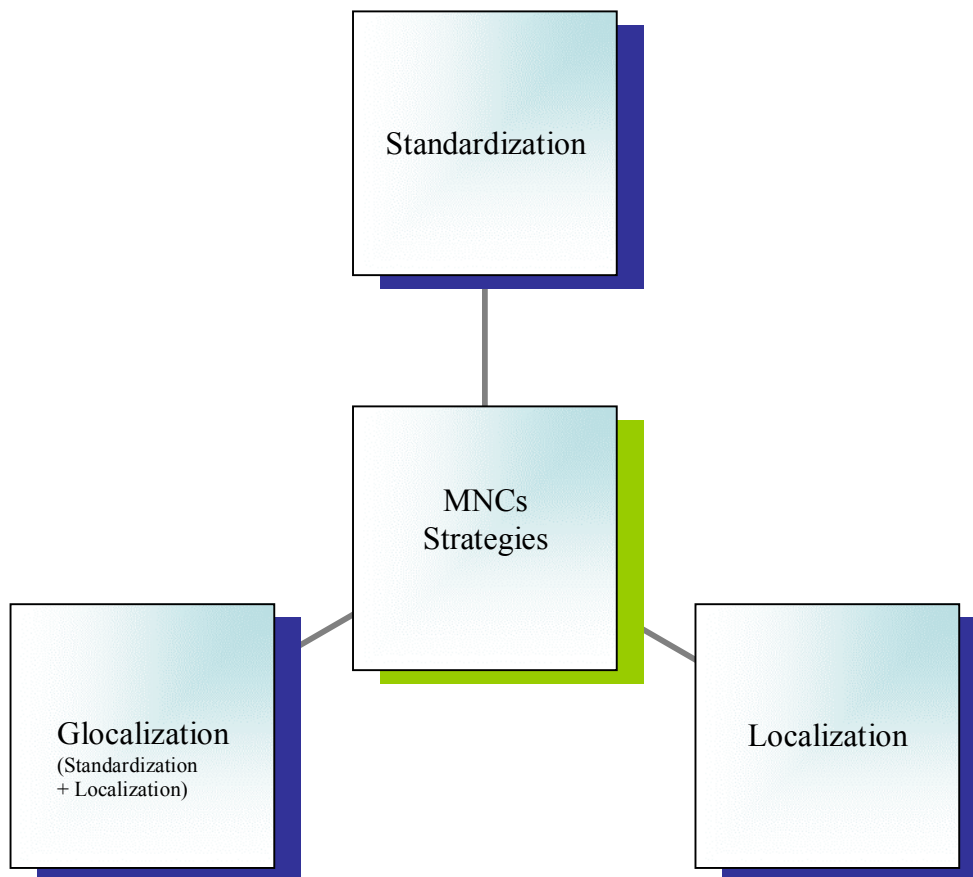


Figure 3. Multinational Corporations' Strategies.

How resources (physical, financial and human) are managed together with strategies implementation, will determine the success of MNCs. One way to achieve the competitive advantage is argued to be through HRM (Baron & Kreps 1999:42; Evans et al. 2002:32; Kim & Gray 2005:809) through investing in human capital, the development of core organization capabilities, the transfer and sharing of knowledge. Achieving knowledge sharing across the organization is argued to be the strategic priority for MNCs since they are expected to possess some superior resources as compared to local firms (Barner-Rasmussen & Björkman 2005). It is also argued that if the best practices are leveraged well, then the organization will be able to compete

well (O'Dell & Grayson 1998:154). However, challenges on knowledge transfer should be well thought of and worked on before implementation. Among the challenges; geographical distance, language and cultural differences are thought may hinder the soft transfer of knowledge across the organization.

Having analysed the knowledge needed to be shared and its applicability, human resource management and techniques may help the corporation to generate and sustain competitive advantage (Kim et al. 2005:809). This is why good management of human resource (HR) especially for MNCs is important.

Since it has been argued that organization's approach to manage its human resources can enhance or diminish its profitability (Schuler, Jackson & Luo 2004:11), MNCs need to make and choose among the three strategies, which one works best for its HRM functions in a specific subsidiary (Briscoe et al. 2004:60 – 62). This will mean choosing the strategy that will lead MNC into achieving its competitive advantage wherever it operates. In order for MNC to succeed in choosing the best possible practice, there is a need to evaluate the benefits and loses of all the strategies. For example, if MNC chooses standardization practice, it should make sure that its business position and resources can provide the organization's ability for implementing this type of strategy (Yip 1989: 39 - 40). However, the institutional structure of the operation's location should be considered also if it gives the possibility of strategy implementation.

Human resource is argued to be the most valuable resource for organizations (Adler & Bartholomew 1992; Baron et al. 1999; Jackson 2002b). In order for companies to succeed in their operations, there is a need for having a desirable human resource, its development and sustainability. According to Briscoe and Schuler (2004), HR issues are among the most critical issues for the organizations' successfulness in the competition in international environment. This is why different functions of HR need to be defined in line with a human resource that fits the company's strategies, vision and objectives. According to Luoma (2000: 7 – 11), HR strategies should focus on integrating HR practices with business strategies and also integrating HR practices with one another. It is assumed therefore, the more integrated the HR practices are,

the more successful they can be integrated with business strategies. This is so because of the fact that the HR functions have some effect on each other.

Therefore the MNCs need to make a thorough analysis of both internal and external strengths, weaknesses, threats and opportunities before it can select which strategies suite best and that they can be fully and successfully implemented (Briscoe et al. 2004: 36 – 38). If the analysis is not thoroughly done, there is a danger that the selected strategies may be good but difficult to implement and therefore fail to achieve the successes expected.

Depending on the kind of organization, HR strategies will vary (Hendry 1994:70). The strategies will even vary more if the organization is an international organization, for example, an MNC. If we base on Bartlett and Ghoshal's (1989) definition of MNCs, and look at one function of HRM, say staffing, MNCs will practice *polycentric staffing*. Through this practice subsidiary will have some degree of independence and each subsidiary is treated as distinct national entity, management will mostly be by local staff but key positions will be held by staff from parent country (Hendry 1994:79). It is believed that organizations that follow polycentric practice, believe that the host country's culture is different and hard to be learned by foreigners and thus local people know what is best for them (Perlmutter 1969).

However, some MNCs may follow *ethnocentric staffing* where strategic decisions will be done at head office and subsidiary have less autonomy. Key positions at subsidiary will then be filled by the employees from the parent country (Perlmutter 1969; Hendry 1994:79). *Regiocentric staffing* may be another option where staffing function is managed on a regional basis and movement of staff is restricted to geographic region but top positions can be filled by managers from parent country. Lastly, *geocentric staffing* can be used where staff promotion and development is based on ability regardless of where he/she comes from. The key positions are composed of international managers, both from parent company and subsidiary. The best personnel are developed everywhere in the world and can take positions everywhere in the world (Perlmutter 1969). These choices will bring in a different challenge to international human resource manager compared to domestic HRM. One

of the challenges will be managing expatriates, which will involve managing cultural issues and logistics involved (Briscoe 1995: 10 – 12; Briscoe et al. 2004: 28 - 31).

The choice to either *localize* or *standardize* MNC's HRM functions will depend on the company's strategies, the industry which it operates and the environment at the subsidiary in question's location. The HRM will need to be involved and contribute in decision making of the organization on how to achieve business objectives and employees' quality of life (Devanna, Fombrun & Tichy 1984). Since business strategies need formulation and implementation, the role of HRM in making sure that suitable HR is obtained and developed is important for organization's goals achievement.

Strategic activities of HRM such as planning and implementation, contributes to the organization's overall effectiveness (Devanna et al. 1984). How well business strategies are linked with HR strategies, will affect the success of the organization. These strategies can be linked in such a way that business strategies are looked first and from business strategies, HR strategies are formulated. The other way is that the HR strategies are formulated, analysed and matched with business strategies to see how best they can assist in achieving the desired business vision and objectives (Walker 1994:59 – 60; Wright, Snell & Jacobsen 2004: 36 – 38). In this way the corporation's capability and competitiveness may be enhanced.

Cultural and institutional differences may play a big part in determining which strategy is suitable for MNCs subsidiaries located in different countries (Briscoe et al. 2004: 60 – 62). For example, specific country's policies and regulations on foreign investment may direct MNCs to change its practices. It may therefore be difficult to determine which one of the strategies works best for subsidiaries and therefore MNCs may find themselves using different strategies in different locations or even a combination of those strategies. The combination may be used in cases where one strategy, say standardization will not work best for all practices.

Critical managerial task for strategic HRM is to align the formal structure and the human resource system so that they drive the strategic objectives of the organization to success (Devanna et al 1984:37). This will enable implementation of strategic

objectives effectively. It is therefore critical to know the behaviour of the people managed since they do differ. According to cultural differences, there are those motivated and seek opportunities to develop their competencies and on the other hand there are those who follow instructions and require supervision so as to avoid punishment (Smale & Suutari 2005) or in order to be able to obtain rewards. The systems used in the company to motivate human resources can therefore minimize the differences.

These systems will include nature of employment contract (full time, temporary or part time), decision making approaches (top-down or down up), internal or external market focused as a source of key personnel and group or individual performance. By top-down decision making approach it means that the decision flows from top management downwards and the middle and lower management are receiver of what has been decided by the top management. Internal market focus of the key personnel is when the key personnel are looked first within the organization as opposed to external market focus where the key personnel can also be looked at from other organizations other than own organization. Which system is to be used is the matter of choice as is meant to support a cultural orientation.

2.4 Human Resource Management in Africa

HRM in Africa is complex due to the differences in economic and political background. MNCs operating in Africa or plan to do so in the future need to study these differences and how best should the management of people in this environment be. Well educated human capital can be difficult to find due to the fact that the economic situation of most African countries does not give much opportunities to the career advancement. For this reasons most well trained labour leave the continent to pursue greener pastures in developed countries where their economies offer better career developments (Kamoche et al. 2004). This brings in the problem of *brain drain* which is feared of in Africa because its skilled labour leaves the continent to the developed countries where they can get better pay and career advancement opportunities.

There are challenges facing HRM in Africa other than cultural and institutional differences; technologically Africa is lagging behind and thus failure in competing internationally. The failure is brought in by the fact that there is a lot to learn before successfully compete as compared to developed countries where the focus is more on using the technology rather than learn first as they are already capable of using it. Time used in familiarizing with new technology and systems may bring African corporations behind those from developed countries. MNCs may play a big role in breaching this gap through developing its competent global leaders for the MNCs' and developing countries' benefit (Kamoche et al. 2004).

There may be also some advantages to the local operations to gain advanced knowledge from the MNCs' operations and thus improve the economy of the country in question if performance is also increased. However, because of the complexity of African labour market there is a need of paying attention on sensitive issues such as cultural differences and the needs of the human capital in Africa so as to be able to diffuse the intended knowledge and develop the human capital desired.

Most of African countries are currently trying to move from closed economy to open economy. This brings in new management systems which have elements of traditional practices during closed and open economy eras. HRM has no exception to this and therefore its functions in this environment are made more complex too. There are changes in policies and practices which also affect how HR functions are performed. Corruption, gender biasness and networking may affect how HRM should perform recruitment, selection, promotions, pay and benefits for its employees (Kamoche et al. 2004). These functions may for the reasons mentioned above not be performed as open as they should be. Network may overcome talents in some cases and thus get hired because of knowing who instead of knowing what. This will create a human capital that can not perform to the set organizations standards and therefore not successful in their goals and objectives.

MNCs going to Africa may therefore find they are not able to benefit from the experienced human capital and thus need to develop its own from scratch. If MNCs will manage to practice and perform HR functions according to the MNC's practices, they will therefore be able to develop competencies into African human capital and

therefore succeed. However, MNCs need to be aware that there may be extra costs and time in order to develop competitive human capital in Africa. Government policies may also affect the MNCs practices (Murtha et al. 1994) and thus MNCs will need to find a way to balance the differences and best ways to implement them.

As globalization increases and companies moves their operations into different locations around the world, MNCs too find themselves operating in Africa. That is why there is a big need to understand the African labour market, management and the business environment as a whole. The African business environment is complex and also different from country to country. There are complex policies and plenty of diversity which foreign companies are not very much aware of and therefore need to well understand them well before starting operating in Africa.

Harvey (2002) compared these unknown complexities in the African environment to foreign companies and their managers with the Alice's wonderland adventures. Thus most foreign companies move to African location knowing that they know very well about the market but when they get there they find out that they really don't know much. According to Harvey, Myers & Novicevic (2002), MNCs play a role in developing efficient global leadership capital across the network of their subsidiaries. The efficiency and effectiveness of these global leaders help MNCs to be able to meet the competitive advantage expected (Torraco 1995 cited in Wognum 2001:408).

There is therefore a need to identify the specific needs and ways to develop these leaders for this area (Africa). However, HRM function become even more complicated since there is a lack of documented HRM on Africa (Harvey 2002). Finding out about African market environment before having operations there may prove more difficult for the foreign companies. This is due to this lack of documentation on the African business environment and its labour market. One will not expect a wide range of cultural differences among African countries. Therefore, in order for MNCs to operate in Africa in a competitive and successful manner, there is a need to study this market and its human capital situation first.

According to Murtha and Lenway (1994:114), cross national variations in national political institutions affect international industry structures, forms, and their

capabilities to operate. A country with transitional economy will have different policies from a country with an open market economy and thus making MNCs moving to these countries use different strategies in order to succeed and be competitive in different locations where they operate such as Africa. Some countries may have policies and strategies to attract MNCs while others may not have (Murtha et al. 1994). Another possibility is that other countries may have policies discouraging MNCs for different reasons such as nationalism. This is why different strategies are needed for different locations in order for MNCs to achieve competitive advantage in all different locations they operate.

Jackson (2002a:1 - 21) suggested that there are three different types of management in Africa. First, is the *post-colonial management* which is often identified as African management however it consist some inheritance from the colonial era such as controls and rewarding systems. Second, is the *post-instrumental management* which is known as modern western approaches which are adopted through the activities of MNCs in Africa and brought in by the managers trained in western management principles. Third, is the *African renaissance management*, which is the emerging one and ideal type that provide a view of what Africa can offer to the global management. It is associated with the *ubuntu* (Jackson 2002a:8) which is an African term associated with sharing, helping one another through network of social obligation and the belief that people are only people through other people.

Therefore it can be said that, differences in African management may be arising due to the fact that African countries' political and economical backgrounds differ to a large extent. According to Jackson (2004), management in most African countries contain some mixture of post-colonial, western and African renaissance (*ubuntu*) elements. He calls this type of management - *hybrid management*. However, if more research is conducted on African region it may be found that there are probably more than Jackson's types of management in the region. This is because the diversity there is much more than what is known to be for African countries.

For Africa, MNCs need to develop management systems that will enable management of the HR in such a way that it balances people's commitment to the organization and controls. Complexity of culture differences among African countries and MNCs

parent country needs to be dealt with in an appropriate manner so as to balance and come up with a common understanding of the organizations goals and objectives. Through this, MNCs may find themselves achieving even more than what was expected from their African subsidiaries.

2.5 Summary

This section provides the summary of HRM theoretical chapter, which introduced different HRM practices within MNCs. According to literature, effective HRM practices enable organizations to increase their competitive advantage. Since MNCs operations are located in different countries, the practises too differ.

The importance of HRM together with strategic HRM was also discussed. MNCs strategies differ from company to company depending on the type of business, size, ownership and location. MNCs look for human resources that will suite organization's objectives and strategies.

MNCs face challenges of the need to respond into variety of local demands (localization) while maintaining consistent global strategy (standardization / integration). Though some practices can be made to work everywhere, MNCs may still be required to make some degree of adaptation due to, for example, different systems, regulations and cultures. Therefore in such cases, MNCs uses combination of standardization and localization strategy (glocalization). In order for MNCs to be able to select the strategy that best fits its HRM practices in a specific subsidiary, there will be a need to evaluate the benefits, losses and applicability of each strategy.

There are different HRM functions and activities. The functions include staffing, compensation and benefits, performance appraisal and training and development. Another function is union and employee relations, health and safety. Each of these functions consists of several activities. For example, staffing activities include selection, interview, recruitment and firing. According to literature, HR activities are categorized according to their contribution to the human resource management system. There are those which contribute into creating the system such as selection

and there are those which contribute into improving the system such as individual and organization development. In addition there are those which contribute into maintaining the system such as labour relations.

Institutional differences affect the way MNCs determine which strategies to use in a particular subsidiary. For example policies and regulations on foreign investment will influence MNCs practices. In Africa, HRM is complex because of the existing differences in culture, economic and political. Most of African countries are in transitional economies, which lead into policies and practices changes. Lack of resources and technology advancement lead into career advancement limitations. As a result skilled workforce seeks greener pastures in developed countries.

Since MNCs are considered to have advanced knowledge, they pass this knowledge to the local employees in MNCs' affiliates. The gained knowledge contributes in improving the economy of the country in question through increased performance.

In Africa corruption, gender biasness and networking have been pointed out to affect HRM functions especially the staffing function. Networking may be considered before the capabilities.

It is also suggested that there are different types of management in Africa. The suggested management types include *post-colonial management*, *post instrumental management* and *African renaissance management* (ubuntu). The differences in management too affect the way MNCs perform HRM functions.

Having discussed HRM and issues related to it, the next chapter deals with HRD.

3. HUMAN RESOURCE DEVELOPMENT

This chapter focuses on HRD practices in MNCs and their subsidiaries, HRD needs, methods used to develop the needs, evaluation systems and HRD practices in developing countries.

HRD function focuses on developing different skills for the success of both individual career development and organizational development together with its competitiveness. HRD also focuses on breaching the performance gap which might exist in an organization. It has been suggested that there is evidence that investing in skills development, does not only bring benefits for organizations and their business, but also brings benefits to the individual workers (Belt 2004). People are very essential element on implementation of business strategies. Therefore, the organizations that will manage to have HR strategy that enables the organization to obtain competent and skilled people in the right place and at the right time will be in a position to succeed. However, there will be a need to develop their competencies to be in line with business strategy (Ervasti et al. 2004). Organizations need to obtain a broader range of people who must develop their capacity of strategic thinking and action. The management should have the capability to understand the existing differences and similarities in culture and manage them in a productive manner (Hedlund 1986).

HRD components include: first *training and development*, which often focuses on management and development, second *career development*, which focuses on individual career paths, third *organization development*, which focuses on organizational competencies and fourth *learning*, which focuses on organizational learning (Stewart, McGoldrick & Watson 2001:93). The summary of these components is presented in Figure 4.

HRD is also viewed as a means of helping organizations to implement their business strategies together with shaping and influence corporate strategy. In organizations with frequent technical innovations, HRD can therefore take a function of shaping business strategy through inclusion in business strategy development and influence

corporations missions and goals. (McCracken & Wallace 2000:282). The role of HRD here is crucial as frequent innovation will mean also frequent updating and introduction of new techniques.

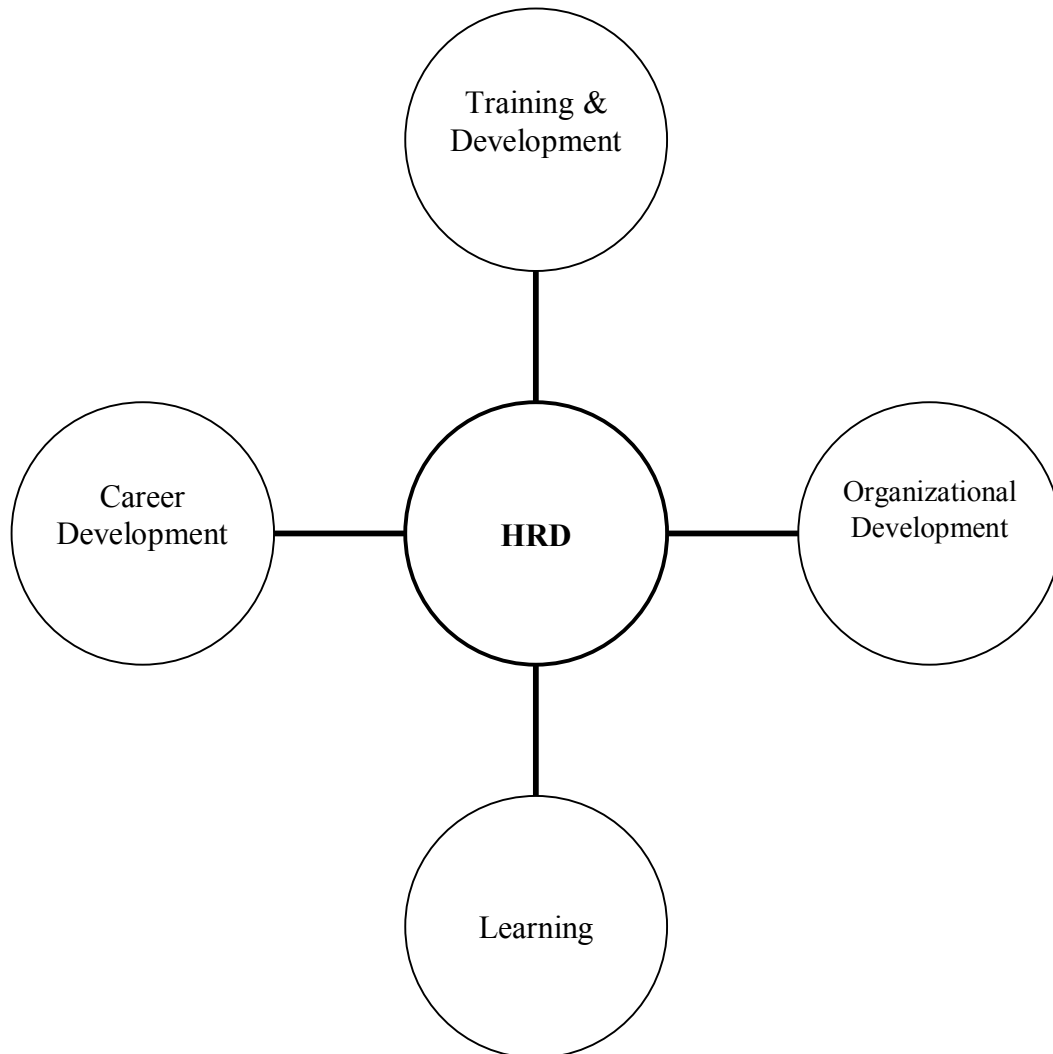


Figure 4. HRD Components.

Development is meant for present and future needs of both organization and individual. In order for development programmes to be inline with business strategies, there is a need to involve line managers, IHRM and top management in decision making when deciding which methods and programmes, what is to be trained and who is to be trained (Devanna et al.1984; Torrington, Hall & Taylor 2005:363).

According to Garavan, Barnicle and O'Suilleabhain (1999:192 – 192), effective development and especially management development require full involvement and participation of all parties. Training and development methods should therefore be selected to suite the business objectives and goals because this will create a link between business strategies and human resource development. Involving line managers will enable the organization to look at performance and development needs of each individual and make decision for current and future development. It will also enable the design of systems with flexibility to adjust to changes and also develop career path for the success of the organization since line managers are considered to be central players in organizations' operations (Evans 1992:86).

The challenge to the IHRM and the organization's management may be what will be the structure and contents of the development methods and programmes so as to make them create and deliver the expected results (Adler et al. 1992). However, the resources capability of the organization and how much commitment to the training and development is, may limit the choice of methods and programmes. Since performance is one of the legs to success for the organizations, HRD function is to plan and implement training and developments methods and programmes that will enhance or maintain the performance level required for the present and the future success (Nadler 1984:1.5; Bing, Kehrahahn & Short 2003: 343; Torrington et al. 2005: 365). Through this, organizations may have better training and development strategies to carter for planned and emergent training and development needs. Torraco & Swanson (1995:19) argued that, the organization has much to benefit for developing and utilizing its employees' available expertise to capitalize the business opportunities if its strategy focus on both deliberate and emergent phenomenon.

The following section discusses different training and development needs for managers and employees in general for MNCs in Tanzania.

3.1 Training and Development Needs

The function of training and development as mentioned in the preceding sections, focuses on developing, monitoring and maintaining employees' skills in order to improve productivity of the organization and individual career development (Pace et al. 1991:50). Human resource is among the resources (physical, financial and human) needed for organization to compete effectively. Physical resources include materials and equipments, financial resources include capital and credits and human resources include workers and managers. In order for organizations to be competitive enough, they aim at optimizing these resources (Pace et al. 1991:3). In order to be able to optimize human resource, HR goals will be to create, develop, maintain and improve the system so as to have people with required skills for achieving business objectives and who are committed to the organization.

Skills are considered to have an impact on business performance and level of productivity (Belt 2004:156). Therefore, lack of skills on organization's workforce has a negative impact on both performance and productivity. It is for this reason that corporations invest and focus in the creation, development and maintain the needed skills. If the skills are then effectively applied, the corporations perform well and hence good position in the market competition. It is further argued that management development practices and especially those aiming at global leaders skills development, if well linked with strategic management the organizations can enhance their competitive advantage (Suutari 2002:219 - 220).

Due to globalization, changes in technology and environmental conditions, organizations need HRD in order to develop the skills of its employees and organization competencies to manage these changes. Competition is increasing all the time and therefore there is a need to be more effective and competitive. This can be achieved through having skills and technology needed to produce quality goods and services to customers at the right time (Pace et al. 1991: 10 – 11). Organizations with human resource that have the required capabilities will then be able to compete and be successful against others who lack the capabilities.

Training and development methods and programmes are designed to cater for the different needs. *Performance gap* as already mentioned is one of the driving needs to training and development. This will create the need to design methods and

programmes that help organizations and employees reduce or eliminate the gap. If, for example, there is a special skill needed due to may be the technology and market changes, training and development methods and programmes which will create the special skills will be needed.

In order for a corporation to maintain or improve its competence position, HRD is required also for the purpose of assisting the strategy planning, implementation and evaluation. The HRD is also needed to enable the organizations resolve problems, which are related to workers' performance, improving certain working practices and to help change or renew the existing company situation (Wognum & Mulder 1999:3; Yang, Zhang & Zhang 2004:297 - 298). HRD is also known for its importance in helping organizations to maintain sustainable competitive advantage, supporting organizations business strategies and also shaping these business strategies. This is considered possible when workforce expertise, which results from HRD implementation, is utilized. (Torraco & Swanson 1995).

Training and development needs have been categorized differently by researchers. According to Torrington, Hall and Taylor (2005: 390 - 392), there are two approaches for analysing training needs: *problem centred approach* and *profile comparison approach*. Problem centred approach focuses on performance difficulties and the corporation analyses if the problems are due to insufficient skills, which then need to be developed if the problem is to be solved. Profile comparison approach focuses on matching the competencies with the job filled, whether new position or existing position. Some changes in strategy and technology may also bring the need for new or additional skills.

According to Wognum (2001:408), training and development needs may occur in three levels i.e. *strategic*, *tactical* and *operational* levels. At strategic level, the HRD needs are determined by top management while considering organizations goals, mission, strategy and problems, which need to be resolved or fixed. At the tactical level, HRD needs are determined with middle management while considering developments needs to the coordination and cooperation between organization units. At operational level, HRD needs are determined with lower executive management

and other employees while considering problems related to operations such as performance problems of individual workers and departments in subject.

It is therefore believed that considering the needs within the three levels will enable the organizations formulate HRD goals and objectives that will enable formal and informal HRD methods and programmes create a workforce that enables effectiveness and competitiveness of the organizations. However, there will be a need to well coordinate the three levels otherwise the outcome expected may fail to be realized if each level is considered separately. This will mean that the needs identified by lower level managers and middle managers should be well incorporated in the needs identified by top management and vice versa.

According to Wognum and Mulder (1999:3), there are three categories used to identify the training and development needs. The categories include: *resolve problems*, which focus on workers' performance, *improve certain working practices*, which focus on improvement regardless of the performance problems and *change or renew* the company situation, which may arise because of innovations or changes in strategy. The training and development needs categorization by Torrington et al., Wognum and Wognum et al. are summarized in Table 1.

Table 1. Training and Development Needs' Types.

NEEDS' CATEGORIES, APPROACHES & LEVELS	RESEARCHERS		
	Wognum et al. 1999 (Categories)	Wognum 2001 (Levels)	Torrington et al. 2005 (Approaches)
	<ul style="list-style-type: none"> - Resolve problems (workers' performance) - Improve practices - Change or renew (company situation) 	<ul style="list-style-type: none"> - Strategic level (top management) - Tactical level (middle management) - Operational level (lower executive management & other employees) 	<ul style="list-style-type: none"> - Problem centred (performance) - Profile comparison (changes & skills)

For MNCs, the knowledge on international environment is crucial to success and therefore there is a need to develop its managers' *international skills* and *global perspectives* on cross-cultural issues and existing different business environments (Briscoe et al. 2004: 280 – 289). The international skills and global perspectives required for managers will mean that they need to be able to understand the existing differences in culture, policies and practise. They also need to have the capabilities to handle and work on challenges associated with the differences, which can be gained by having a better knowledge of international business. These can be achieved through formal training and development methods and programmes such as cross-border assignments and informal trainings. Through cross-border assignments the managers enhance their international business skills, cross-cultural issues and how to deal with these differences in a successive manner.

HRD as indicated in Figure 2 falls under improvement activities of human resource. The HR activities are related in order for the system to perform well. For example, if the creating part is not well done, the selection of staff will be done poorly and may not meet the business objectives. For this reason, the HRD will fail as well or face a lot of difficulties in improving this resource to have the skills needed. For the purpose of this study, much emphasise will be put on the improvement part though there is a connection between the three parts of creating, maintaining and improving the system.

MNCs are viewed as important disseminators of HRM practices, innovators (Brewster & Suutari 2005:6) and they also hold superior knowledge over subsidiaries and thus a need to pass these knowledge and skills to subsidiaries. The sharing of knowledge is said to be more effective if more subsidiary managers participate in MNC training methods and programmes, which are conducted and subsidiary representatives are fluent in the language in which the communication is to occur. (Barner-Rasmussen et al. 2005: 28 – 29). If the objective is to pass knowledge on international skills and global perspective from parent to the subsidiary then the need for MNC to train its personnel to acquire the competencies needed is essential.

In order to succeed, training to *local managers* by the use of specified methods and programmes need to be focused on. However, the institutional framework of a

subsidiary location country may affect the success of these methods and programmes to be used. According to Kuchinke (2000:279 – 280), the effect of institution framework on MNCs' HRD practices is large. Whether is due to behaviour, attitude, norms or specified rules and policies, it is essential for MNCs too to consider getting a better knowledge of a country's institutional framework before deciding and arranging specific methods and programmes. Among the methods used to transfer skills to local managers is by the use of *expatriates* and *inpatriates*.

Expatriates are the personnel from parent company who are sent to work in subsidiaries located in different areas in the world (Briscoe et al. 2004:234). However, depending on the structure of the corporations the expatriates can be also personnel from one subsidiary sent to work in another subsidiary. Expatriates are used by MNCs in most cases to transfer knowledge, for management development, to create a common organizational culture and to create effective information network between parent and affiliates (Harzing 2001:367 – 368). Inpatriates are the personnel from subsidiaries who are sent to the parent company/headquarters for developmental assignment and technical transfer. It is argued that international assignment is one of the key methods in development of international competencies (Suutari & Taka 2004). They work in project teams and absorb the corporate culture. They then return to their subsidiaries and apply their learned skills. (Solomon 1995:40). The challenge is on how much are their capabilities to observe these corporation skills and culture and be able to transfer and apply them back in their subsidiaries.

Gibson (2004:195 – 197), explained in his findings how *observation capabilities* assist individuals in learning and use the knowledge gained to bring effect into ones performance. Observation works better while governed by *attention*, *retention*, *behaviour production* and *motivation*. Attention is influenced by the nature of interaction, sensory capabilities and attributes of the activities used. Retention is influenced by the memory capability i.e. how much one can keep the knowledge gained until is retrieved and stored for use to bring in the effect needed. Behaviour production is more involved in the transformation of the learned observations into performance and finally the motivation, which is related to how positive the outcomes of the gained knowledge and skills from the training can be and therefore motivate the implementation. Therefore if the expatriates and inpatriates will have the high

observation capabilities, the skill transferring from MNCs to its subsidiaries will succeed well.

Training and development need for expatriates and inpatriates will be on culture and adjustment in their international assignments for the ability to gain the technical competence needed. It is argued that technical competence and their applicability is a crucial aspect in MNCs (Suutari & Brewster 1998:89). According to Harris and Brewster (1999:227 – 228), there are three key variables involved when determining expatriates' need for training. These variables include, *job novelty*, which is the degree to which the new job is different from the present job, *degree of interaction with host nationals* and *culture novelty*, which means the degree of difference between the home country and host country looking at value systems, behavioural norms etc.

Therefore, if expatriate receive the needed training and development, they will be able to enhance technical competence and relational skills. They will be able to adapt new and different environments and manage to take the international assignments successfully. However, there is a need for some degree of motivation for the training to be able to assist in developing the skills needed. If the expatriates are not motivated enough they may fail to learn and deliver successful outcomes of their assignment. Therefore, there is a need to use international assignments for individual career development as well, which may motivate the expatriates together with inpatriates (Suutari 2003:188).

For local managers, as mentioned earlier, they need training and development into their global perspectives and international skills. In addition, they will also need to have a wider understanding of the policies and practices of the corporation as a whole. The growth of local managers can therefore be achieved through different training and development methods and programmes. As mentioned above, among the methods used by MNCs to transfer knowledge to local managers and employees is by the use of expatriates and inpatriates (Briscoe et al. 2004). However, it should be noted that the corporation's HR strategy on training and development will affect the needs to develop choices and the methods to be used. If, at some point, the local managers are supposed to take over the management of the subsidiaries, they need to be conversant

with corporation's strategy, culture and techniques. Depending on how effective and efficient training and development methods and practices that are used by the corporation are, will determine how well these knowledge and capabilities will be gained by the local managers.

Therefore the identification of HRD needs within MNC will depend much on the corporation strategy. One of the strategies may be to pass the knowledge to local managers in order to enhance their international experience and hence contribute to the organizational development (Barner-Rasmussen et al. 2005:32) and grow them to take over the responsibilities of their subsidiaries or use expatriates to oversee subsidiary's operations. It is argued that the role of expatriates to subsidiaries is to foster internationalism through coordination and integration of corporations' international operations, transfer knowledge and organizational practices across units, which then brings in the need of career development plan (Suutari 2003:186 – 188; Suutari & Brewster 2003:1132 – 1135).

Having looked at the training and development needs, the following section presents the different methods applied to them.

3.2 Training and Development Methods

Depending on the identified needs and who is targeted (individual workers, groups, teams, department or the entire organization) for the training and development, different ways may be used to conduct and implement ways of training. The needs may be determined differently because of different factors; the nature of business, organization structure and also how the subsidiary was formed (Briscoe et al. 2004). If the subsidiary is formed as a result of acquisition, the needs of training will differ from the green field formed subsidiary. With acquisition there will be a need to integrate the practices from different corporate cultures while with a green field formation there will be no need of integration. Greenfield subsidiary will mainly need to know the corporation culture, strategy, goals and objectives clearly.

Training and development methods will include *induction courses* where new employees get familiarised and trained on the job they had just taken. What is learned here is the working environment, nature of work taken and how it is to be done including what is expected from the employee by the organization. The new employee will therefore be able to get familiar with job requirement, different working systems, technology, office layout, working conditions, processes and procedures, health and safety issues including how performance will be evaluated and what are the development possibilities available.

Another method used is *formal training courses* and *development programmes*, which are a set of defined and known programmes where the contents, durations and all the details about the training are clear to both the organization and the personnel to be trained. Unlike informal one, formal training and programmes can be planned earlier and also plan for their evaluation. These programmes can be held within the organization (in-house) or off the job. Off the job is argued to be more effective since employees are away from work place and their concentration is fully at training. Depending on the knowledge needed, organization's structure and policies, the trainers too may be coming within the corporation or outside the organization.

Job rotations and transfers (McCourt et al. 2003:356) is another way which may be used to develop skills required within the organization. For MNCs these movements may be from subsidiary to headquarters or vice versa so as to acquire the knowledge of the organization's operations worldwide and the differences existing in different countries where they operate. However, depending on the organization's structure, policies and strategies, the movement may also be from one subsidiary to another. A good example can be the cooperation and networking among peer units in different foreign subsidiaries, which will enable the realization of synergistic payoffs (Gupta & Govindarajan 1991:769 – 771). This knowledge will help organizations to design and select practices that are suitable and more effective for its goals and objectives, which may then probably increase their competitive advantage.

Another method of training is *mentoring*, where experienced employees coach less experienced employees (Devanna et al. 1984; McCourt et al. 2003:256; Torrington et al. 2005:394 - 395). It is argued that mentoring offers a wide range of advantages for

development of the responsibility and relationship building (Torrington et al. 2005: 394 – 395). The practice is often applied to newly recruited graduates in the organization by being attached to mentor who might be their immediate managers or another senior manager.

Depending on organization's strategy, objectives, goals and resources availability, the list of methods can go on and may be different from the ones discussed in this study. Therefore the ones discussed are just among the list and does not mean that they are the only methods existing for training and development.

All the HRD activities are meant to either improve performance on the present job of the individual, train new skills for new job or new position in the future and general growth for both individuals and organization so as to be able to meet organization's current and future objectives (Nadler 1984:1.16). Identification of needs for training and development together with the HRD planning will indicate which method and programme is suitable. The HRD activities, selected methods and programmes will help the organization to get an indication of which strategy will suite best. After identifying the needs and required methods and programmes, the implementation process follows and, later on, evaluation of the outcome and changes gained after training. These relationships among HRD activities, programmes and strategies are summarized in Figure 5.

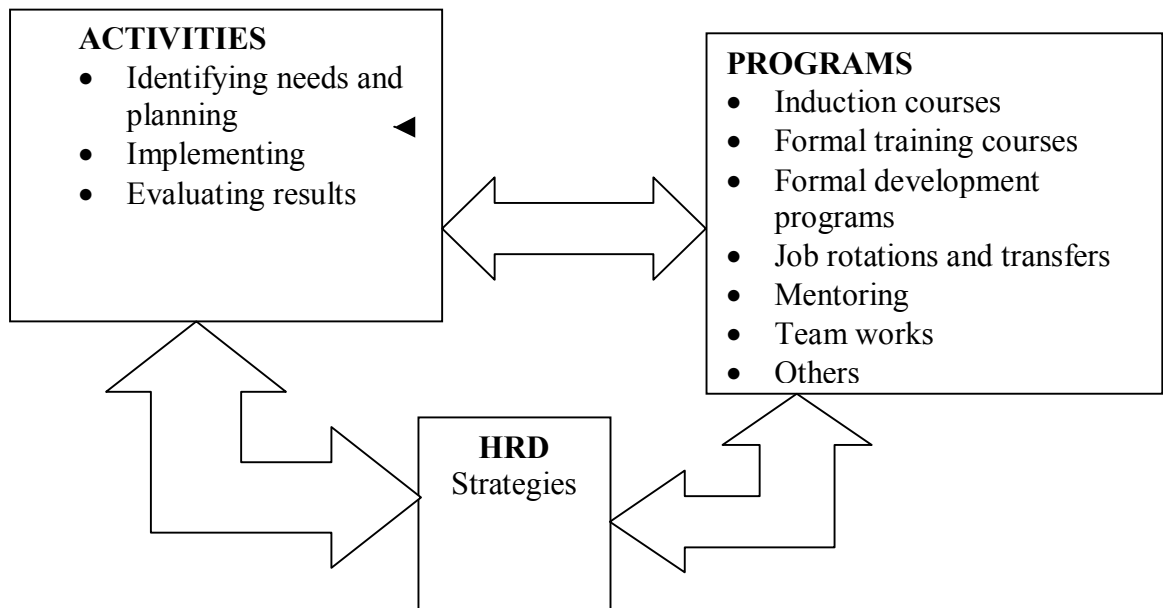


Figure 5. Relationships among HRD Activities, Programmes and Strategies.

In order for MNCs to be able to know whether the methods or programme used for training and development were successful and effective, there is a need for conducting an evaluation. According to Brinkerhoff (1987:9 – 38), there is a need to evaluate if a HRD process has paid off and the assessment needs to start from the beginning to the end of the methods and programmes used. The evaluation will be able to highlight the status of the effect on the performance, employees' satisfaction level and any other issues, which might arise due to the whole exercise of training. There are different levels of evaluation as identified by different researchers. There are five levels of evaluation (Humbler 1974, cited in Torrington et al. 2005), which are: first post-course questionnaire, which are filled in by course members towards the end of the course to *evaluate the training*. Second level is the *evaluation of learning*, which evaluates the trainee's behaviour after training.

Third level is the *job performance evaluation*, which evaluates how the job performance changed compared to how it was before the training was conducted. The fourth level is *evaluation of organization performance*, which evaluates the changes

which have occurred in the organization's performance after conducting the training. Finally is the *evaluation of the organization contribution* position as compared to before training. It should be noted that the evaluation need to be measured in all levels; that is from the individual level to the organization's level. There is also a need to consider the means of evaluation at the beginning rather than bringing it towards the end of training (Torrington et al. 2005:402). However, some of the training effects can only be realized after a long period of operation. This will bring in the need to have continuous evaluation process rather than one time evaluation.

3.3 Human Resource Development within Multinational Corporations

The increase of globalization has lead organizations to face more competition and complexity. In order to sustain their competitive advantage, they need to have a management that is equipped with global skills. Briscoe & Schuler (2004:281) explained and emphasised the need to develop managerial talents throughout the organization:

“[MNCs need to develop] a cadre of managers and executives who have a deep understanding of the global market place, have the capability to transfer this knowledge into resolute global action, and who expect to see their rewards and personal professional growth linked to opportunities for global careers in which to exercise this understanding.”

These managers need to be developed both from parent and host countries. Therefore, identifying talents and competencies lying within local managers and develop them so that they can handle local operations better (Briscoe et al. 2004:281), will add into chances of MNCs to be more successful. Among the developments required here will be enhancing local managers' international experience and exposure, together with global vision. Another need is the training to expatriates and inpatriates on cultures and existing differences in different countries in order to succeed in their international assignments. Performance problems may also create the need to develop together with the new techniques, which are required for subsidiaries to execute the organization's strategies.

HRD which is aimed at improving employees' skills in managing their work and organizations performance, in MNCs it incorporates both cultural and business skills since the operations of MNCs are extended to locations with different cultures, businesses and environments (Schuler et al. 2004:137). In a broader definition, HRD is defined as the integration of individual, career and organization development roles in order to achieve maximum productivity, quality, opportunity and fulfilment of organizations members as they work to accomplish the goals of the organization (Pace et al. 1991:6 – 7). The knowledge of both cultural and business issues necessary for a particular location, international business skills and their management are a key to success for MNCs' subsidiaries and the whole organization.

The challenge for MNCs' HRM practices is how to design effective activities that will lead organizations to the intended competitive performance (Schuler et al. 2004:140). Whether MNC's HRD function should follow localised, standardised or both strategies will be the choice the MNCs have to make depending on skills needed to be developed, organization structure, culture and industry type in which MNC is operating under.

Which method of training is to be used i.e. on job training, formal training, mentoring, etc. is also among the choices MNCs will have to work on in designing and planning training and development. How should the training be conducted, who is to train and who is to be trained is among key issues to be considered when setting up HRD policies. For instance, the choice to use resources within the organization or external institutions has to be made. However, some factors such as cost and type of training may determine the choice to some extent. Existing regulations and policies in the country of subsidiary location may also influence the choices.

Who is to be focused on in the development programme, is another strategic issue to be decided by the organization depending on organization's policies and strategies. Is it the top management, middle management, local managers or supporting staffs? Is it individuals or groups (Pace et al. 1991:183) that should be given priority? All these will depend on business objectives and strategies together with a cultural aspect of a particular subsidiary location. In the cultures where leaders have to give directions and supervise the subordinates, it will be wise to focus development on managers

(Smale et al. 2005) , since subordinates are assumed to be not in need to know much because they do not make any decision of their own. However, to have the skills needed for better performance and career development, all workers will at some point need training and development programmes.

3.4 Human Resource Development in Developing and African Countries

HRD in developing countries differs due to institutional differences, which influence the need, design, implementation and evaluation of training and development and the methods used. HRD is important and necessary for developing countries of which Tanzania is one of them. This is because most of the developing countries are struggling to develop economically and this will be achieved if there is enough and well skilled and motivated human resource to assist in the implementation of development strategies (Kamoche, Debrah, Horwitz & Muuka 2004). To some countries which had closed-economy the term HRD did not exist and it was only introduced after changing to open-economy (Inohara 1990; Ke, Chermack, Lee & Lin 2006:36 - 39). Therefore MNCs operating or going to such environments will have to first introduce the concept and its importance before putting the HRD function in process and implementation.

The differences in developing countries lead to MNCs investing or operating in these countries with focus on HRD function strategy that will suite its business objectives, policies, goals, technology and environment. The choice to either localize or integrate its global practices will depend on whether the implementation and results will be viable and as intended. It is expected that the MNCs from developed countries will have advanced practices and complex skills compared to developing countries. Therefore HRD in developing countries may be focused on skills building rather than improving. For example in most developing countries there are critical shortages of skills almost in all levels (Kamoche et al 2004). This may be caused by the economic situations that make most of the people not affording to obtain necessary education together with the whole structure and policies on education system.

Since there will be a need to develop skills, which enable the subsidiaries to perform at MNC's level in achieving set goals and objectives for organization and career development, training and development methods and programmes need to be appropriate for this purpose. The designed programmes and methods need to be able to help eliminate the performance gap between the desired performance by MNCs and the subsidiary employees' performance, create and enhance skills needed and also assist in the process of career development.

Another function of HRD in developing countries is to develop the technological capabilities of the subsidiary and its employees. The systems and technology used by the parent company may be different or unfamiliar to the subsidiary. Therefore there is a need to design methods and programmes which can be successfully implemented and later be evaluated in order to understand if they helped to achieve the expected results. MNCs will therefore be needed to well study and understand the business environment, policies, regulations and culture of the country in question to be able to succeed in developing these technological capabilities.

In Africa, HRD practices aim more at future potential rather than past development (Harvey et al. 2002:1061). If the African managers are developed and manage to obtain the required skills i.e. international skills and gain the global perspective, they can, as well, be a good resource for African continent and MNCs in regenerating the growth of skilled human capital. The region is now in the process of developing and its economy is expanding. This gives plenty of opportunities to investors interested in market expansion. It is therefore hoped to be a focus of growth for global business currently and in the future.

Since African economy is expanding, there is a need to develop skills required to cope with international business competitions, new technologies and systems. It is therefore expected that if the human capital from Africa is developed, it will in the future help both Africa and developed countries. However, there is a problem of shortage of potential growth jobs in most of African countries and thus make most of its potential human capital immigrate to developed countries for expected better opportunities reasons (Harvey et al. 2002: 1062 – 1063, Kamoche et al. 2004). For this reason MNCs may fear to develop African human capital as they might not benefit from it if

the developed labour flies away from the continent after acquiring the skills. Therefore, proper strategies in motivating and retaining the developed skilled labour needs to be put in place when thinking of this particular business location.

There is lack of technological capabilities as compared to developing countries and therefore a need to be developed. How best to develop these capabilities will be the challenge to the MNCs to choose best strategy for performing the development methods, programmes which are suitable and can be successfully implemented. Literacy and different levels of education may bring in a problem to MNCs of not being able to obtain staff with the required knowledge, therefore slow down its operation's success in African environment. Therefore MNC may play a role of developing these lacking of competencies into African human capital, which will be also a step forward for the growing economy in Africa. However, regulations, bureaucracy and corruption may hinder the effectiveness of these processes and become a discouragement to the MNCs.

HRD in Africa focuses on developing lacking skills so as to be able to cope with the challenges of international business. These skills can be developed by the use both in-house and off-job training. In-house training includes internal and external trainers and it means that training is conducted within working environment. Internal trainers includes the on-job trainers who are the experienced employees training new comers. External trainers are those trainers coming from another organization or sources other than own organization.

Off-job training includes the training that are conducted somewhere else other than working environment. These may be conducted for employees from same organization but, as a common practice, it is conducted for people from different organizations. Professional studies too fall under this category. For MNCs in Africa, mostly they bring in some expatriates to train local managers or send their employees abroad to develop managerial and international skills. However, MNCs are faced with complex environment because HRM practices in Africa are, to some extent, affected by the differences in management systems inherited from the colonial era (Jackson 2002a) practices and therefore varies a lot.

HRD needs are recognized by organizations and African governments and as a result in many African countries there are strategies in tackling these needs through arranging different development programmes; introducing development programmes on strategic HRM or join international programmes such as world bank programmes in development of human resource. The focus for most of these programmes is to increase alignment between HRM and organizations strategies (Kamoche et al. 2004)

Because of the fear of losing its skilled labour force, HRM strategies which include HRD are required to create environment that attract, motivate, and retain talents which will further help to grow the organization's performance and the African economy.

3.5 Summary

This section provides the summary of HRD theoretical chapter, which introduced HRD practices in MNCs, developing countries, and Africa. HRD focuses on developing skills for both individual and organizational development. HRD components include training and development, learning, career development which focuses on individual career paths and organizational development which focuses on increasing organization competencies.

HRD assist in breaching the performance gap and also help organizations to implement their business strategies. Skilful workforce enables the organization to operate competitively. HRD methods need to be selected in a way that they suite business objectives and goals hence creating a business and HRD strategy fit.

In identifying HRD needs, organizations need to involve employees and management in order to be able to identify crucial needs for development. Among the challenges to HRM is how to design and select suitable methods that are suitable.

Changes in technology, environmental conditions, lack of required skills, and globalization, and increased competition are among the situations that create HRD needs. According to literature, needs have been categorized differently. One of the

categorization is the one that introduces *problem centred approach*, where needs focus on performance difficulties and *profile comparison approach* where needs focus on competencies. Another categorization is through different levels such as: *strategic*, *tactical* and *operational* levels.

Knowledge is considered to be a crucial aspect for MNCs when developing international skills and global perspectives in order to be able to transfer the skills across the organization successfully. *Cross border assignments* (expatriates and inpatriates) are used to transfer the knowledge. This brings in the need to understand cross- cultural differences.

Other than cross border assignments, there exist other HRD methods used by MNCs. These methods include *induction courses*, which aim at training new employees to familiarize with their job together with the working environment. Other methods used include: *formal training*, *job rotations*, and *transfers* and *mentoring* where senior or experienced managers coach less experienced employees.

In order for MNCs to be able to measure whether HRD methods' payoff, they use different evaluation systems to evaluate the effectiveness of the methods. The evaluation is conducted either from the beginning to the end of the training or at the end. However, it has been suggested that evaluating the methods from the beginning would be more effective compared to only evaluating the end results. The evaluation findings would then be used to improve the HRD process.

In developing countries HRD is crucial as skilled workforce will make organizations perform well and contribute to economic expansion. However, countries differ due to their institutional differences. For example in Africa countries are on transitional economy where they are moving from closed-economy to open-economy. This makes the policies and regulations to change, which affects MNCs operations in these countries.

There are rules and regulations such as those related to foreign investments. These affect how MNCs should operate. For example, in some countries the number of expatriates that one subsidiary can employ is restricted. If MNCs need more than the

allowed number of expatriates, they will need to seek for an exceptional approval from the government in question.

Culture differences affect the way HRD practices for MNCs are carried out. For example in some countries, traditional teaching follows the spoon- feed way and therefore MNCs, which come from a different way of teaching may need to change and follow the host country's ways so as for the HRD methods to be able to payoff.

In order for MNCs to be able to transfer advanced knowledge to its affiliates, there is a need to have resources, which will support these transfers such as qualified trainers and supporting systems. In addition, technology changes bring in the need for continuous development. Since in developing countries the technology levels lag behind that of developed countries, MNCs can use HRD methods to assist in increasing technology capabilities for its employees in their affiliates in developing countries. However, these technologies need to be applicable in host countries.

Labour markets differ in different countries. For example in Africa, lack of resources and enough chances to expand career paths lead into brain drain. If brain draining increases, MNCs may face difficulty in obtaining skilled workers. HRD can be used to assist MNCs to create career advancement environment and increase performance and commitment of its workforce, which will help in achieving MNCs goals. This will also help in reducing the brain drain problem.

Literacy and differences in education systems too may create a problem for MNCs in obtaining employees with the required skills and knowledge. HRD methods used by MNCs may assist in increasing the knowledge and skills. However, regulations and laws may hinder MNCs in performing effective HRD methods. Therefore, the institutional context of countries will have a big influence in MNCs operations.

After presenting the theoretical position on HRM and HRD in relation with MNCs, the summarized study framework is presented in Figure 6.

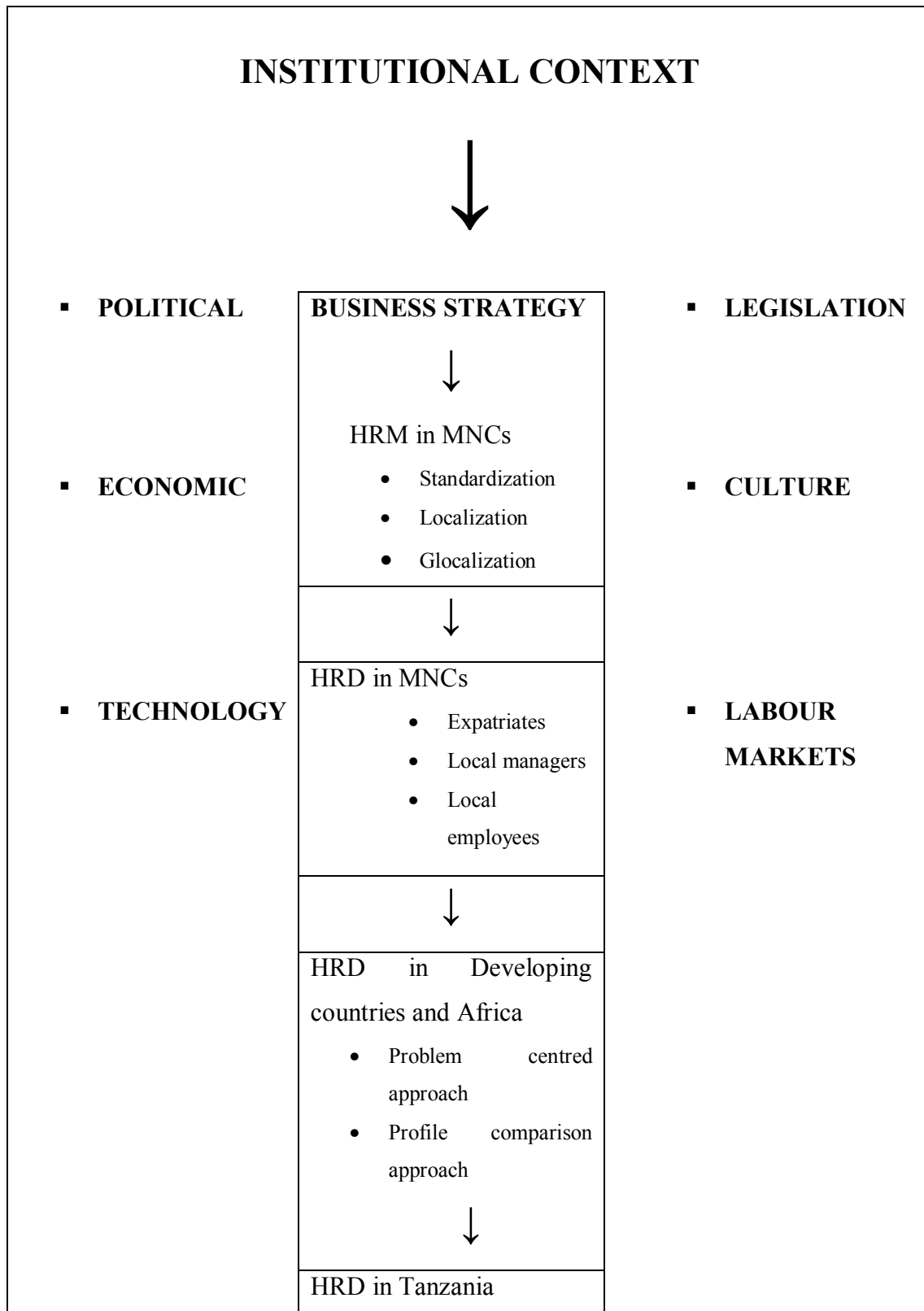


Figure 6. Study Framework.

4. RESEARCH METHODOLOGY

In this chapter, the methods used to obtain data will be discussed together with the justification of choosing these methods. Towards the end of the chapter, validity, reliability, and the limitations of the study are discussed.

There are different types of research methods that could be used when doing research. The methods include: qualitative research, quantitative research, and a mixture of both qualitative and quantitative research. The difference between qualitative and quantitative research arise from their procedures (Ghauri et al. 2005:109).

In qualitative research, unstructured and semi-structured interviews and questionnaires can be used (Ghauri et al. 2005: 112 - 113). Qualitative research is also flexible and exploratory. It helps to obtain the insights about the phenomena in question and flexible in the sense that it helps find out the missing part of what is unknown or partially known. (Ghauri & Grønhaug 2005:202 – 204). Qualitative research is said to be more relevant in the context of discovery and thus be able to get access to what was never known before. From the empirical observations, general conclusions are drawn, which is also known as *induction* way. However, if the research problem is not well understood, there is a possibility that the researcher will be overwhelmed by data due to unnecessary data collection. This will make the analytical part of research more difficult. (Ghauri et al. 2005: 202 - 204). Therefore, this study being a qualitative research, the induction way will be applied. At the same time, the framework of study will provide assistance in the analysis.

Quantitative research is known to employ quantitative measurement while qualitative does not. The research problem in quantitative research is assumed to be well known and therefore the purpose of the research is to test and verify. With this type of research methods can be quantified. It is argued that quantitative research often focuses on social structures. (Ghauri et al. 2005:109 – 110). The conclusion is drawn by *deduction* way, which means that it is drawn through logical reasoning (Ghauri et al. 2005:14 – 15) by testing the hypothesis where the hypothesis can be accepted or rejected. This method will not be used in this study since this study aim at increasing the understanding of HRD in MNCs operating in Tanzania.

The summary of the differences between quantitative and qualitative research is shown in Table 2.

Table 2. The Difference in Emphasis in Qualitative versus Quantitative Methods.

Qualitative Methods	Quantitative Methods
<ul style="list-style-type: none"> • Emphasis on understanding • Focus on understanding from respondent's/informant's point of view • Interpretation and rational approach • Observations and measurements in natural settings • Subjective 'insider view' and closeness to data • Explorative orientation • Process oriented • Holistic perspective • Generalization by comparison of properties and contexts of individual organism 	<ul style="list-style-type: none"> • Emphasis on testing and verification • Focus on facts and/or reasons for social events • Logical and critical approach • Controlled measurements • Objective 'outside view' distant from data • Hypothetical-deductive; focus on hypothesis testing • Result oriented • Particularistic and analytical • Generalization by population membership.

Source: Based on Reichardt and Cook (1979), cited in Ghauri et al 2005:110.

The data information of this study was gathered by interviewing the management representative/s of each company included in this study. In order to run a successful interview the researcher need to know the interviewee's background, values and expectations (Ghauri et al. 2005:131). Since the researcher is also a citizen of the country in question, it was expected that the interview process will be smooth and successful. However, the process was not as smooth as expected (Fisher 2007:168) since the researcher also had to learn some business ways as far as Tanzania is concerned though Tanzania is her own home country.

According to Ghauri and Grönhaug (2005:132), interviews are often considered to be the best data collection methods and they can be done either via mail, phone or in person. For this study, phone interview was used because it was thought to be a viable way taking into consideration time, distance and financial resources needed. Face to face interview would have involved travelling to Tanzania and back, which means more financial resources and time would have been needed.

There are two types of interviews: *survey research or structured* interview and *unstructured* interview (Saunders, Lewis & Thornhill 1997; Ghauri et al. 2005:132). With structured interview, a standard format of interview is used, which insists of specific response categories. With unstructured interview the respondent is given freedom to discuss reactions, opinions and behaviour on a specific issue. The researcher's task is to give the lead question and note the responses in order to be able to code them and answer the questions on "how" and "why" of a specific issue later. Unstructured interview are regarded as the most useful in the discovery findings. There is also another type which is different from structured and unstructured interview, the *semi-structured interview*. With this type the questions to be asked are determined before hand though still the interviewee is given chance to express his views freely.

The type of interview used was semi-structured questions, which aimed at finding out what is happening, seek new insights and explore (Saunders et al. 1997: 78; Ghauri et al. 2005: 132 – 133) on HRD strategies, needs, challenges, methods and programmes used in Tanzania by MNCs. This type of interview has been argued to enable revealing and understanding of the what, how, and why of different situations (Saunders et al. 1997:212). However, using interview the need of additional question may arise as interview proceeds (Saunders et al 1997:78) and therefore a researcher needs to be prepared to handle that. During the interview, some additional questions were used following the response given by interviewee. Structured interview was not chosen because this type of interview would have limited the interviewee in answering the questions. In addition, there was so little known about the context such as how relevant is the western HR literature. Therefore by using structured interview, there was a danger or chances of missing out important issues. This is the reason why the semi-structured questions were chosen.

In order to be able to find out answers to the identified problem in this study, the information data were gathered from 8 multinational companies, which operate in Tanzania currently. The companies interviewed were chosen from different industries, which helped in generalization of the practices in Tanzania by MNCs. As mentioned earlier, the information was obtained by interviewing one employee who is at the management level from each company. The management section was chosen because it was thought to have a clear understanding of organization's operations and strategies.

An introduction letter was first mailed to different MNCs in Tanzania, which among other things included the themes to be discussed. The themes were included in the introduction letter sent to all prospective interviewees prior to the interview time in order to make sure that the interviewees would be aware of what kind of information will be needed during the interview. After sending the letter, telephone calls and e-mail follow-ups were made. After several phone calls and e-mail exchanges, the interviewees who were willing to be interviewed were identified.

The interviews were telephone interviews and one interview lasted for about 30 minutes to 1 hour depending on how much information was available. Some of the interviewees had less and others had more to discuss on HRD due to the nature and type of operations of their organizations in Tanzania. The first two interviews were used as pilot interviews to determine how best the interview guide would work (Ghauri et al. 2005:134). Few changes were then made to the interview guide to make it work better. The initial plan was to record all the interviews. However, some of the interviewees did not permit the recording of the conversation. Therefore for those interviews, which were not recorded, the interviewer noted down the conversation and after the interview all the interview responses were put together and sent back to the interviewee for verification of the report. The recorded interviews were transcribed immediately after the interview and where needed the interviewee was contacted again for some verifications.

Managers were selected as respondents because of various reasons: firstly, these employees are expected to be on a better position to know their organization's HRD

practices and which methods and programmes are used than other employees especially on the strategy aspect. Secondly, there was a possibility that among the managers some will be from parent company and others will be locals and therefore have a combined responses from both local and parent staff perspective. The description of interviewees is presented in Table 3 below.

Table 3. Interviewees' Description.

NUMBER	INDUSTRY	JOB TITLE	NATIONALITY
1	Auditing & Consultancy	Human Capital Assistant Executive	Tanzanian
2	Health	Senior Policy advisor	Tanzanian
3	Education & Information Technology	Training Manager	Tanzanian
4	Financial Institution	Operations Support Manager	Tanzanian
5	Consultancy	HR Consultant	British
6	Construction	Administrator	Japanese
7	Development Cooperation	Country Director	German
8	Development Cooperation	Country Programme Coordinator	Swedish

4.1 Validity and Reliability

Validity refers to the extent of trueness of the results of the study. Validity of the results can either be *internal* or *external*. Internal validity refers to the analysis of the accuracy of the results obtained. External validity refers to the analysis of the findings with regards to whether they can be generalized. (Ghauri et al 2005: 65). Where

measurements are used, there exist different types of validity; *face validity*, which describes the extent to which the measure used is reasonably capable of what is due to measure, *convergent validity*, which describes the extent to which the measurement used can bring similar results if used elsewhere and *divergent validity* that describes the extent to which one construct is distinguished from another (Ghauri et al. 2005:83 – 84).

Moreover, specific four validity types for qualitative research exist, which are often emphasized. They are: descriptive, interpretative, theoretical and generalizable validity. *Descriptive validity* is associated with degree to which the actual description of the results is true. *Interpretative validity* is associated with the interpretation's goodness. *Theoretical validity* refers to how adequate the theory suggested is, such as whether the theory really supports the study subject. *Generalizable validity* is referred to what extent the results of the study can be generalized, for instance, are the results of study on MNCs subsidiaries operations hold true for the local operations in the same area? (Ghauri et al. 2005:216 – 218).

In this study the descriptive, interpretative, and theoretical validity were taken into consideration. Thorough literature review was conducted before conducting the research, which enabled theories and interview themes to be identified. Theories and themes are well supported by the findings. However, generalisable validity can not be fully ensured due to the fact that the research focused only on MNCs practices and specifically to managerial skills. It is assumed that the findings may differ if same study is conducted for the local organizations or research focused on general skills. Thus the findings can not fully represent HRD practises in Tanzania in general. However, the findings can be generalized in relation to the MNCs' HRD practices in Tanzania with reference to managerial skills.

Reliability refers to the stability of the measure used to study the relationships between variables (Ghauri et al 2005: 81). The interview questions used in the interview were semi-structured. The questions were designed taking into consideration the issues related to the problem and goals of the study and theories on

the subject. It is therefore believed that the responses and results from this study are reliable.

To further ensure and enhance both the reliability and the validity of this study, the interview responses were retrieved, typed, and the report sent back to the interviewees for cross-checking to ensure that what is documented is really what was obtained from them. The interviewees were also given chance to put in additions if they thought they had left something out during the interview.

4.2 Limitations

Since the study is based on MNCs practices, it is expected that the results of the study may not be able to give the holistic status of HRD in Tanzania. Another limitation is the fact that the interviewees were selected among the management, generalization of the results may not be realistic. If the data is to be obtained from employees at different levels, the results might change. However, managers are expected to understand better the policies and strategies of their organizations. Therefore, taking into consideration the problem of the study which was the strategies, needs, methods and programmes used on HRD by MNCs operating in Tanzania together with factors affecting HRD implementation, the top management was thought to be the best source of information.

Also single country context may not reflect the business environment in Africa. The small sample size may also affect the findings. If the sample size is bigger it might bring in more findings, which could not be observed from the sample size used. In addition, the use of qualitative approach may have, to some extent, limited the findings which could have been obtained should other approach or use of mixed approach would have been used.

5. EMPIRICAL RESULTS AND ANALYSIS

This chapter presents the findings of the study regarding HRD needs and practices in to MNCs operating in Tanzania. First, different needs and their identification are discussed. Second, different methods used for HRD by MNCs in Tanzania are discussed. Third, evaluation systems used by MNCs to evaluate development methods' effectiveness and action plan on the identified findings are discussed. Fourth, different factors influencing HRD practices are reported. In the end, different strategies used are discussed together with reasons why MNCs chose those practices.

5.1 Human Resource Development Needs

According to the findings of this study, HRD needs in Tanzania for most MNCs are identified by management together with employees. Even the corporations that use similar practices as Parent Corporation, the employees get involved in the process of needs identification to some extent. The needs are identified by reviewing the organization and individual performances. The employees themselves sometimes suggest the areas where they would like to improve. The following is what one of the interviewees said:

“In [our corporation] all the employees fill in own forms about training during review. This is the same for [our corporation in] Tanzania. The forms are then used by the company to review what kind of training and development is needed for its employees”.

The suggestions from employees are presented to the management by the employees' supervisors. The management gather all suggested needs and with the reference to organization's strategies and goals, the management select which needs are to be developed. One of the interviewees said:

“Each department identifies training needs for its people during the appraisal process. The needs are therefore discussed by individual employee and their immediate supervisors. The supervisors passes the suggestions to the department heads who forward them to the human resource managers and

finally to the management for approval. Another way is that the needs are identified by the management and then offered to employee such as the training to all new employees and quality service programs.”

Most of MNCs follow planned schedules for training in order to develop its human resource's career and capability.

“The company emphasis and invest a lot of effort on training for its employees at all levels. Each and every employee has a training calendar, which is reviewed annually.”

For MNCs in Tanzania the focus is more on managerial skills, international business skills, and the existing differences between parent companies and subsidiaries.

“Training and development needs in the corporation focus on developing managerial skills to compete in the international environment. We also need our employees to be able to cope with the advanced technology used by our corporation.”

However, MNCs which focus on specific projects make an exception. In such MNCs, HRD focuses on developing its workforces' capabilities for a certain job at a specific time. They therefore obtain the workforce available in the market which hold the basic skills and develop it further to the level required. The training and development is then focused on the on-job training as one of the interviewees commented:

“This Company has mainly operated on a project basis and therefore there are no manpower development projects apart from on-the-job training and experience gained by technical staff as well as administration and accounting staff”

The interviewee continued further by adding that:

“When we have a new project, we employ staff from the market and use them for the job. When the project is completed we terminate the employees.”

Local managers are developed to be able to perform according to the corporation's standards and also to be able to take higher posts in the future such as top managers. Therefore, needs for development arise to enable managers to acquire skills needed to cope with on going developments and also improvements. New systems and new jobs which may result from job change, organization changes, and technological advancement create the need for training and development to any organization's workforce. All these gives the criteria to needs identification for MNCs operating in Tanzania as commented by one of the interviewees:

“[Local managers] need also to develop their skills in management and understand the organization's operations in general, which will include what are the plans, policies, strategies and resources available. There is also a need for local management to have a clear understanding of the organizations structure. How to motivate other employees is another skill required for the local management.”

It was also observed that some of the MNCs in Tanzania do not focus much on developing its local workforce career but rather offer the developments means when needed and in some cases where initiated by the employees themselves. The reason for this situation is due to the nature of their operations in Tanzania and structures of their corporations. As mentioned earlier, some of the MNCs in Tanzania are involved in projects for a specific time. This was observed from the construction MNCS and service provider MNCs. These types of MNCs seek for temporary local employees who have the required skills and they can do the job needed and after completion of the project they don't have to develop them. However, this is considered possible due to the fact that the unemployment rate in Tanzania is high. Therefore, the needed workforce can easily be available without the need to develop or which require minimum training and development on the job. With regard to this finding one of the interviewees said:

“We do not do career development but instead use ones already in the market. But we do give incentives and promotions on job or target in short courses and not long career ones.”

In general the study found that for MNCs in Tanzania, HRD needs identification is done by involving both the employees and organization and therefore the interest of the organization and individuals are taken into consideration. However, the effectiveness of this practice would be realized if the management has the capabilities to well weigh the importance of individual and organization's needs for development. The MNCs also uses both localized and glocalized strategies in identification of needs for training and development depending on nature of business, culture and policies in Tanzania. One of the interviewees said:

“We try to identify similar needs among our operations which can then use similar training and developments across operations. However, due to differences in culture and country policies almost each operation in specific country identifies its employees' needs according to country specific needs.”

Therefore the findings indicate that MNCs in Tanzania HRD needs are identified and determined for the purpose of narrowing the *performance gap*. This aims to increase the ability of its workforce in order to perform their respective jobs well. The needs also occur in similar level as identified in the theories that they are aligned to the organizations strategies. The needs are also *tactical* and *operational* in such a way that the middle managers, immediate supervisors and employees get involved in the process of needs identification. (Wognun2001:408.). This was evidenced as interviewees pointed out that during review process; training and development needs are identified by employees and then forwarded to the management by supervisors and middle managers.

According to the findings of this study, most of MNCs in Tanzania uses expatriates and sometimes inpatriates to transfer corporate knowledge and ways of doing things. Therefore, HRD development needs involve also development of expatriates' skills on issues regarding the Tanzanian business environment so that they can be able to deliver what they are supposed to do when sent to work in Tanzania's branch or subsidiaries. Expatriates needs, which were identified, included the ability to know about the Tanzanian regulations and laws, cultural issues related to what is considered

right and wrong. These skills would enable expatriates to work with locals and receive good cooperation from the local managers. Interviewees had these to say:

“When a post for overseas and especially for Tanzania’s office is available we send some of our employees from headquarters who have a lot of experience with the corporation having worked with the corporation for some time. We then offer them internal training on culture about Tanzania and on policies, education system, foreign affairs and our corporation strategies.”

“Expatriates need to be those with enough knowledge to be able to transfer to employees in our subsidiaries in different countries. In our corporation the expatriates come from different locations such as head office or other experienced subsidiaries. They therefore need to be trained well on corporate ways of doing things so that they can all work to help the exercise of sharing knowledge. They also need culture difference awareness and better understanding of how things work in different country.”

Inpatriates from Tanzania to headquarters or other experienced subsidiaries on the other hand need to develop their intercultural skills just as expatriates do. However, in addition they need to have capabilities to learn fast and retain what is learned. Also they need to be able to remember and retrieve what is learned so that when they come back home they can be able to share it with their fellow local managers and employees. With regard to inpatriates needs, the interviewee had this to say:

“Inpatriates too need the culture awareness just as the expatriates need but in addition they need to be trained and have the skills to absorb and learn from the experienced parts, say headquarters or other subsidiary and also be able to share and transfer to fellow employees back at home office when they are back in Tanzania.”

In Tanzania the level of technology competence may not be as higher as it is at the headquarters or at the experienced subsidiaries. One of the interviewees had this to say:

“However, due to differences in technology competence and policies, what local managers learn at headquarters, need to be modified sometimes back at home so as to be able to work. We therefore try to identify the needs for development for inpatriates bearing in mind the task they are supposed to take.”

The findings of the study on methods used by MNCs operating in Tanzania are discussed on the next section.

5.2 Human Resource Development Methods

There is a wide range of HRD methods used by MNCs in Tanzania. These methods include: formal training, informal training, and on-the-job gained experiences. One of the interviewees said the following:

“We use both formal training and in formal training. We also encourage our employees to take self study courses, which are available and recognise the achievement gained as motivation. We have on-job training and off-job training too.”

Most of MNCs in Tanzania use a combination of formal and informal training to develop its workforce and especially to develop its local managers’ capabilities and international skills. The employees are developed to be able to take higher positions in the corporation. Another interviewee commented:

“Top management need to enhance management capabilities in managing people and projects for a variety of clients so as to keep the company standards and satisfy its clients. One also needs to be prepared to work in any company’s location around the world. They also need to manage its employees in such a way that their commitment to the organization and their career is increased.”

Use of expatriates in training locals is a common method in MNCs. Expatriates are sent to Tanzania’s operations for a period of time to train the local managers by both

formal trainings and working together so that the local managers get to know better the corporation ways of doing business. After a specified period of time the expatriates leave and local managers use the skills gained to handle the local operations. The following is what one of the interviewees insisted on this aspect:

“Expatriates from other office or division office are sometimes used to transfer the knowledge to the locals in Tanzania. They normally work in Tanzania for 2 years as secondees. These expatriates are the most experienced ones who can then be used to share and transfer corporation’s practice to the Tanzanians. Other knowledge and need to use expatriates is the introduction of new systems which after the system is adapted in Tanzania the expatriates go back to their stations”.

Sometimes the local managers also are sent out of country to either headquarters or other experienced subsidiaries and stay there over a period of time while absorbing knowledge. They then use the knowledge when they return back to their office. One of the interviewees commented:

“Sometimes when there is an opportunity, we send our local technical staff to [headquarters] for intensive training on the job in engineering.”

Some of the management development programmes used are fully local while others are similar to those used by parent company. This depends on the nature of business the MNCs is conducting, its policies and local regulations that are prevailing. Another interviewee said:

“Training and development is achieved through assigned responsibilities, coaching, mentoring and training, as well as induction. Contents of these programmes are similar across the organization but a little bit modified to suite the local environment.”

New employees in almost every MNC receive initial training as they enter the corporation. This includes induction courses, which train the new employees about the job they have just taken, about the organization’s structure and policies and also techniques and programmes used at work. They are used to prepare the new

employees to get started. This type of development method uses different programme names in different MNCs. For example, in one of the MNCs in Tanzania the new employees receive a one month course known as ‘Go auditing’ which, enables them to familiarise with the job they will be doing, organization’s system and procedure. The following was commented by one of the interviewees:

“In Tanzania, there is a program of one month training for new employees especially auditors, which is known as Go auditing program. The aim of this program is to enable new employees to familiarise with the organization systems and procedures and also introduce them to their new jobs.”

Most MNCs use internal programmes and development resources to develop its workforce. This is due to the nature and specifics of their operations. According to one interviewee:

“Most of the training is conducted by the use of resources within the company because of the nature of business”.

Also due to the nature of business some MNCs find it advantageous also to utilize external programmes to increase managerial capabilities. One of the interviewees said:

“Other than our own organized programmes, we also use outside courses and support, which comes from the courses organized by other organizations and are useful for our organization.”

Mentoring is another method used. In this case, the experienced or seniors coaches the new employees. In addition, MNCs in Tanzania also use job rotation for its managers to develop their managerial skills and also to increase deeper understanding of the corporation’s operations as a whole. Through rotation the managers learn how different units of the organization work and also learn the capabilities to manage employees of different work backgrounds.

“When our managers finish one international assignment term, which is between 2 to 4 years, they take a different post other than what they had before.”

Therefore it can be concluded that MNCs in Tanzania use formal and informal trainings, on-job learning and experiences to enhance their workforce's capabilities. Individual needs and organization needs indicate which methods will work better for developing the skills required. Methods and programmes used include on-the-job training, induction courses, placement abroad, use of expatriates for training the locals, self study - through reading books and brochures, seminars, team works, conference attendance and coaching where consultancies are brought in to train the managers and other employees. Also interdepartmental training is used, where different departments get to learn what other departments are doing and therefore have an idea of what the whole corporation is doing. MNCs sometimes use inpatriates to develop subsidiaries and branches' skills by sending local managers to work at headquarters or another experienced subsidiary for some time and bring the knowledge back home when the placement time is over.

The next section discusses how MNCs implements HRD.

5.3 Human Resource Development Implementation

The responsibility of HRD in most MNCs operating in Tanzania is carried out by HR department. Some of MNCs have a Training Manager who has the responsibility of helping the organization in implementing the HRD policies and strategies. One of the interviewed MNCs had a separate training department supervised by the training manager. This training department collaborates with HR department. The interviewee said:

“Training and development is the responsibility of the training manager, which is the same across the corporation. There is a separate department for training, which collaborates with HRM. The training manager takes the

proposal of the needs and what is to be done to the top management so that they can make final decision together.

MNCs in Tanzania use both internal resources and external resources in the implementation of HRD. Depending on training needs and selected methods, venue and other resources needed are determined. This includes the identification of who are to be trainers, trainees, and venue of the training. Different jobs and skills require different development methods. These methods are determined by considering the outcome of employees and management reviews. Response from one interviewee:

“Trainer and trainee are determined according to the recognized needs, which come out of review and evaluation forms together with management reviews. By taking into considerations the input of employees and local managers, the country director decide locally who will be the trainer and who will be trainee at a particular time.

Location for HRD activities is selected on the basis of type of development to be undertaken, their accessibility, cost involved and the effect, which the venue will have on the participants’ concentration and learning capabilities. It was suggested that off-job training venues tend to have better results than on-job training venues such as meeting, boardroom, and training room within the working area. When training is conducted in the same place where the work is done, workload may get more attention compared to the training. As a result low concentration and lower learning will be the outcomes. However, it should be noted that the issue of concentration will also depend on the type of training to be offered. The following is one of the interviewee’s comments on the issue of training location:

“We have on the-job-training and off-the-job training too. Initially almost all of our trainings were conducted at our premises and few outside job areas. However, their efficiency was not that good due to the fact that concentration to the training was most of time divided to work and training. We have now started to conduct most of our trainings in a venue outside working place”.

Some of the MNCs operating in Tanzania have a specific budget for HRD while others don’t. Some of those without specified budget do invest also on HRD by

assigning resources and funds on need basis. However, although some may not set a budget for HRD in their budget planning, they do have a plan and strategy on developing its employees' career path in order to develop the organizational performance and commitment of its key employees. One of the interviewees commented as follows:

“There is no specific budget set for HRD in the corporation, the funding is allocated on need basis since every year the needs differ and is not easy to predict how much to be allocated. The company invests on development and training programs through fees paying, buying books, and allowing its employees on professional exams to take study leave”.

However due to the education system in Tanzania, MNCs are obliged to invest a lot on new employees skills development as they do not have much experience on working life. Management trainees may require more than managerial skills development since the education system does not offer much opportunities for work placement during studying. This may be caused by the fact that there are no enough resources to enable each graduate student to have work placement during his/her study. One of the interviewees pointed out that:

“Local managers need training and development on the managerial skill and, international business. Some have some understanding of the issues in theory but in practice may need more understanding and learning due to the training system in Tanzania where not all fields of study give chances to its student to attend some work practices when studying”.

Expatriates are also used to implement HRD practices in MNCs' affiliates. They are used by MNCs to transfer the knowledge to the local managers and other employees and sometimes to learn from the subsidiary what can improve the corporations' performance. According to the study findings, one of the interviewees said:

“Before expatriates take post in Tanzania, they are trained in headquarters on policies, education system of Tanzania, foreign affairs and organization's strategies. Also when they arrive in Tanzania to take the post, they also receive further training at the local office.”

Having presented the findings on the HRD needs, methods used to solve the needs, and how the implementation takes place; the following section will discuss the evaluation systems used by MNCs in evaluating HRD methods.

5.4 Human Resource Development Evaluation

The evaluation is done by MNCs in order to find out whether the HRD methods have brought in some payoffs. For most of MNCs in Tanzania, the evaluation is done throughout the process i.e. during the trainings, after the trainings, and at work when the trainees go back to work and apply the skilled gained. Some MNCs perform evaluations only after the training. For those MNCs that evaluate outcomes from the beginning until at work, trainees, trainer, and management are involved in the process. One of the interviewees commented:

“During programmes and after programme, feedback is obtained from both trainers and trainees. The evaluation is done during the work to see how the trained employees perform c on the intended goals and objectives as compared to before training. Through this it can then be judged that the programs worked well or not.”

Some of the MNCs conduct the evaluation through web surveys. The responses are reviewed by the management. One of the organizations was also planning to have an independent evaluator who can perform evaluations and provide feedback to them. The findings would enable the organization to design better methods for HRD.

Evaluating the performance of the work to be done is another method that is used by MNCs to enable identification of what is to be improved and how the skills enabled the corporation to obtain the expected performance. Some of MNCs operating in Tanzania on project basis evaluate their daily performance and come out with the understanding of their performance. One interviewee said:

“We do not have formal evaluation procedure on our on-the-job training. However, we do conduct daily site meetings and exchange views with our

employees. We also discuss the affairs of the site and project and appraise the project where we know what is achieved and what is to be achieved the next day.”

Some of the actions plans to the evaluation findings, which were identified by this study, include repetition of same method or programme used should indications show that something went wrong during its execution. Another action plan is to revise the program and redo it in order to fix what was wrong with it. Designing totally different programme or applying a different method is another action often taken by MNCs on the basis of the evaluations. In some cases the evaluation revealed that the programme or method was not really needed. Instead the problems were caused by lack of motivation. This was evidenced by the following comment from one interviewee:

“After evaluating the effectiveness of the training and its implications, there are courses of actions, which are being taken such as: repeating the training if it considered to be executed improperly depending on the availability of resources in the first time, modify the training and do it again or design a different one if the one offered seems to be not the right one. Sometimes the evaluation may indicate that the training was not really needed and probably it was just a matter of attitude change and some little motivation”.

Having discussed the evaluation systems, the following section will discuss the findings on the MNCs strategies that are used in Tanzania

5.5 Standardization versus Localization

The study revealed that depending on the nature of business, prevailing laws and regulations, culture and technological levels, most MNCs in Tanzania follow both localization and glocalization strategies. Some of the HRD practices are designed specifically for Tanzania and some are similar to the parent practices but have been modified to work in Tanzania.

The identification of needs in MNCs in Tanzania is done locally for most of corporations but some do follow similar procedure across the corporation. This can be verified by this comment:

“The identification of the needs is local specific since each country has different clients, which are of different cultures. In addition, each country has its own different policies which safeguard the operation of an auditing and consultancy company. The operating policies (international laws) do not allow this kind of operations (auditing) to be conducted in the same way across the world. Local regulations need to be followed. In addition, Tanzania’s labour laws as well force the company to operate with local specific practices.”

In many MNCs, HRD implementation process uses similar practices as in the whole corporation but with some adaptation to local specific needs. Therefore it can be said that MNCs in Tanzania use both localised and globalised strategy in the implementation of HRD.

In most MNCs the evaluation system used is similar to that of parent company. However, since some HRD methods are specifically designed for Tanzanian affiliates, evaluation systems are modified to be able to work for the local specific methods. The interviewee commented:

“The effectiveness measures are similar across the corporation since they all focus on achieving the best out of the HRD programs.”

After the discussion on the strategies, the following section discusses the findings on the factors affecting HRD practices in Tanzania

5.6 Factors Influencing Human Resource Development in Tanzania

In the process of conducting HRD in Tanzania, MNCs face different challenges. These challenges affect the way MNCs carry out the HRD practices. There are various laws and regulations, which MNCs must follow when operating in Tanzania and especially concerning HRD practices.

The operating policies (international laws) do not allow this kind of operations (auditing) to be conducted in a similar way across the world. Local regulations need to be followed. In addition Tanzania's labour laws as well force the company to operate with local specific practices.

HRD is also influenced by the nature of business of a particular MNC, its organization structure, means of establishment, institutional frameworks of the country in question, in this case Tanzania, the availability of resources including time, and also the nature of job to be done. The following are comments by one of the interviewees:

"According to the nature of business of this organization, there are different skills needed and updates on policies. The methods used depend on the level of the employees in need and what type of client will be serving. For example methods used for auditing a financial company are different from those used to audit a manufacturing company. Most of the training conducted is funded by company resources because of the nature of business".

Depending on the nature of business, the expectations of customers may also impact HRD methods and implementation. Specific skills may be required so that employees can provide better services or products to their clients. According to views from one of the interviewees:

"Since we have clients from almost every sector of business, trainers cannot come from outside our corporation since our systems and procedures are totally different from other corporations".

The Tanzanian culture such as learning culture also affects the effectiveness of MNCs' HRD processes. For example, it was found that the self study methods may not be very successful since people lack reading habits. However, the lack of reading habit may have been contributed by the lack of enough books. Another factor, which was identified, was the lack of resources which limits the possibilities of getting enough trainers. Also time limits appeared to be a problem due to the workload. Here is what was said by one of the interviewees:

“Factors that affect training and development in my corporation include the willingness of trainees themselves to learn including availability of resources especially time. This occurs when there is a lot of work to be completed and no time can be allocated for employees to train. Another factor is getting enough trainers for different locations of corporation’s operation when they are needed. Sometimes need to reschedule some of the trainings”.

In addition, it was also identified that though Tanzanians were thought to be lacking reading habits, they have basic skills and are quick learners. One of the interviewees said:

“Our local employees have enough basic education and skills and they are also quick learners”.

Tanzania’s education system, which gives chances only to some students studying specific courses to attend work placement, affect the HRD practices in Tanzania for MNCs. It is expected that when hired, the new graduate employees will require some minimum training to get familiar to the job they are hired for. However, this is not the case and most MNCs find that they need to offer much more training to new graduates employees since they are not familiar with the working life.

It was identified that MNCs’ technology level is more advanced as compared to Tanzania’s technology level. Thus, MNCs use expatriates for development of workforce in their affiliates in Tanzania. Another interviewee said:

“We also need our employees to be able to cope with the advanced technology used by our corporation. We use different programs which are less familiar to many”.

According to the findings, depending on the organization’s structure, the choice of needs and strategies that are to be implemented may be left entirely to the department responsible for HRD or management. As stated by one interviewee:

“The identification of needs and strategies involves all employees to at the beginning and then are further analysed and short listed by the department heads, which are finally left for management to decide which ones are more important and should be implemented”.

“Through the forms that are filled during review and evaluation process, training manager identify the needs. The training centres work on the list to decide which needs are to be dealt with and present them to the management”.

Other HRM functions such as staffing and performance appraisal influence the HRD needs identification. It was found that many MNCs in Tanzania identified HRD needs during performance appraisal process. As evidenced by one of the interviewees who mentioned that:

“The criteria used to come up with training and development needs is through reviewing employees’ performance and company’s goals and objectives”.

Having discussed broadly on the findings regarding HRD needs, methods, implementation, evaluation process, factors affecting the HRD practices including the strategies used, the following chapter will provide a summary of the findings and pointing out some of the underlying managerial implications.

6. CONCLUSIONS, MANAGERIAL IMPLICATIONS, RESEARCH GAP AND FURTHER RESEARCH SUGGESTIONS

This chapter presents the conclusions of this study together with the managerial implication of the findings on HRD for MNCs in Tanzania. Towards the end of this chapter, research gap is discussed and suggestions for further research are provided.

6.1 Conclusions

The goal of the present study was to increase the understanding of HRD practices of MNCs operating in Tanzania. The sub goals included investigation on; HRD needs, HRD methods and their implementation, the evaluation systems used, factors affecting HRD and strategies used.

The study revealed that HRD needs for many MNCs that are operating in Tanzania are largely determined by both employees and management. The needs were found to vary depending on the type of employees, culture, institutional framework and business type. However, decision as to which needs is to be implemented is left to either the department responsible for HRD or the management depending on the structure of the organization.

The results of the study concluded that HRD needs identification is done in all levels i.e. strategically, tactically and operationally as specified by Wognum (2001). In MNCs that are operating in Tanzania, HRD needs are identified by the management and employees. However, there was exception to this practice by one of the MNCs, which does not focus much on career development due to the nature of its operations (projects). This particular corporation only practices on-job-training and only some administrative staffs obtain the knowledge thorough experiences gained while doing the job. They strategically identify their workforce and take advantage of the available workforce in the market.

Approaches used to identify needs, such as problem-centred (performance gap) and profile comparison (changes and skills) approaches as pointed out by Torrington et al. (2005) are used by MNCs in Tanzania. Performance gap, new and/or changed technology lead into training and development needs. These techniques are the ones that the local employees need to implement in order to get the skills required.

HRD methods and programmes used by MNCs in Tanzania include induction courses for newcomers and the use of expatriates to train local managers and other employees. Inpatriates are also used in the way that local managers are sent to work abroad for some specified period and later come back with the knowledge and apply in their subsidiaries. However, it was noted that there is a challenge to how much an inpatriates can learn and remember when they are required to retrieve the knowledge at home stations.

On-job and off-job trainings are also used. Seminars, self-study, conferences and both local and international team works have also been used by MNCs in Tanzania in order to develop local managers' international and managerial skills. Some MNCs have also used external resources such as consultancies to offer their employees training.

Mentoring, coaching and interdepartmental trainings have also been by MNCs in Tanzania. The interdepartmental training has been used to widen the knowledge of employees on what the corporation is doing.

Most MNCs used methods similar to those of the parent company but modified to suite Tanzania's environment. The differences were on technology levels, laws and regulations, type of business and culture. However, due to the mentioned differences, some methods used, were local specific.

HRD in Tanzania focuses on developing international skills and technological transfers since the MNCs have advanced technology level. In addition, HRD focus on enhancing MNCs workforces' corporate knowledge and intercultural skills. Because of the education system in Tanzania, new employees require more training since not all fields of study offer chances for graduates to obtain work practices during their study. Most MNCs in Tanzania follow localized HRD practices and some use

modified parent company's practices depending on the structure of the corporation, laws and regulations prevailing and the availability of resources.

The evaluation process on HRD activities in Tanzania by MNCs has been typically conducted throughout the process. In most MNCs, trainees, trainers and management are involved in the evaluation process. The evaluation is conducted to find whether the activities had payoffs. Typically the performance after training is measured against performance before the training to see the training effect. Trainees' satisfaction is also looked at during evaluation.

Findings from the evaluation process are worked on and in some cases the methods are rerun, modified or new ones are designed. In some cases the evaluation revealed that training methods applied were not necessary because the employees did not lack the skills needed and probably something else would have worked better such as increasing motivation of employees.

It is therefore evidenced from this study that evaluation is very important to enable MNCs realize the effectiveness of the methods and programmes used for HRD. Evaluation findings can also be used to help better planning of future methods and programmes for HRD in Tanzania. The MNCs can also make better plans for HRD methods when evaluation findings are dealt with. Therefore corporations will be in a position to have better HRD practices which will lead them into better performances.

The identified factors influencing MNCs' HRD practices in Tanzania include culture such as reading culture where it was revealed that Tanzanians do not have a reading habit. However, this habit may have been contributed by the lack of resources such as books availability and the traditional teaching (spoon-feed). Willingness to learn was also identified as one of the factors affecting HRD for MNCs operating in Tanzania especially in relation to time prioritising when work load is high.

Nature of business was also identified to affect HRD practices due to different expectations from customers. Some MNCs' operations were focused on projects which led them to employ on temporary basis. HRD for such MNCs was identified to be different from the MNCs employing long-term employees. Country labour policy such as the on foreign employees which limits the number of expatriates that

companies can be recruited also had an influence. Regulations and laws also shape the way HRD can be conducted. For some MNCs, international laws affected the way they operated as these laws restricted the way they conduct business including their strategies to some extent. Some of these laws did not permit the use of same methods across the corporation.

Country's education system was also among the factors identified. The lack of work placements during study time was mentioned to increase the focus of HRD methods on new employees. Due to lack of resources, not all students get the opportunity to attend work placement during their study. As a result they are caught in a situation where they get employed while having no enough knowledge on working life, which requires a lot of training. In addition, lack of reading habit was also identified to affect the effectiveness of some HRD methods such as self study. However, with the availability of resources such as books and some incentives, people can build up a reading habit.

MNCs in Tanzania use both localization and glocalization strategies in conducting the HRD function. The Tanzania's business environment is believed to be the cause for this. The country's policies on how foreign organization should operate in Tanzania affect the way MNCs conduct its HRD activities. Some MNCs are also influenced by the international laws on HRD practices because of the type of business they conduct.

Taking in to consideration the findings of the study, the study framework initially presented in Figure 6 will be modified as shown in Figure 7 below.

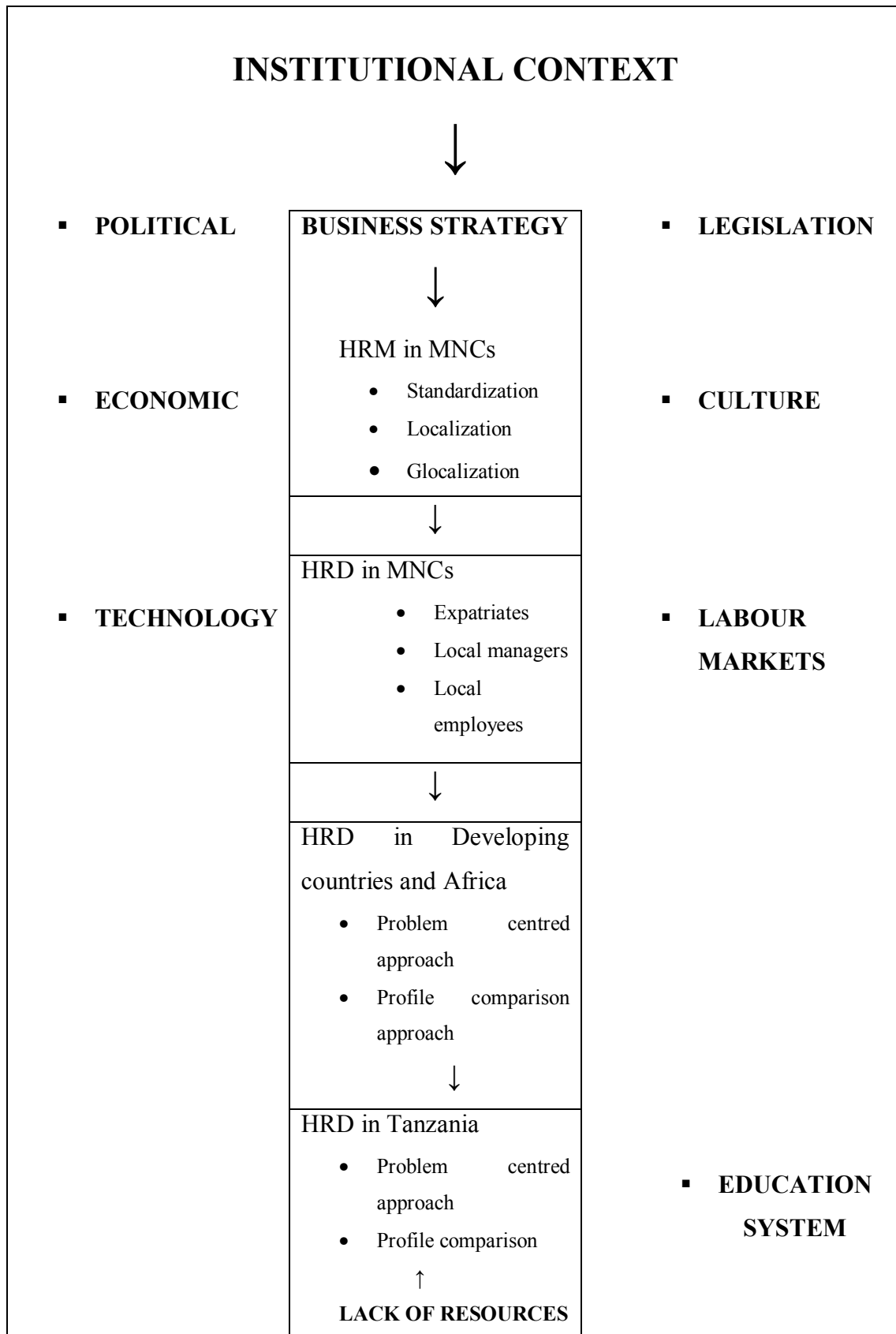


Figure 7. Modified Study Framework.

6.2. Managerial Implications

Culture differences, lower level of technology, and regulations, make MNCs operating in Tanzania face a wide range of challenges. Lack of modern training equipment, facilities and lack of teaching materials make the environment more complex when considering human resource development.

Since time has been identified to be among factors, which hinders the HRD practices for MNCs, flexible methods such as distance learning could be used especially for busy employees. This can increase the chances to employees to be able to enhance their career path.

The study also revealed that Tanzanians do not have the habit of reading books and as a result self study programmes are not always successful. However, this habit may have been caused by the lack of resources. If MNCs can introduce some incentives to accompany self study programmes, people may increase their reading habit.

Education system is among the factors influencing the HRD practices especially when student do not attend enough work placement practices during their study. MNCs in Tanzania can in the future reduce the cost of training new graduate employees if they can work together with government or the education institutions in Tanzania and try to arrange some programmes that will offer opportunities to more students to undertake work placements in their MNCs operating in Tanzania.

The level of technology in Tanzania was identified to be low compared to that of parent companies in developed countries. This brought in the need for most MNCs to use expatriates to train locals in order to be able to cope with the corporations' technology level. Through HRD implementations, MNCs can contribute to enhancing the technological level of local employees and hence increase individual and organizational developments.

Since the unemployment in Tanzania and especially in the urban is high, MNCs can take this opportunity to obtain the already developed workforce and thus reduce the HRD costs and redirect the would-be costs to other incentive related programmes, which will enable an increase in employees' commitment to the corporation.

Indications show that there are plenty of benefits for both MNCs and the country as a whole when corporations invest in HRD. MNCs contribute to the development of Tanzanians skills to a certain extent. If the HR is well developed the MNCs operating in Tanzania also benefit by achieving better performance and increase competitive advantage not only over local corporations but also over other foreign corporations operating in the same business environment. Local corporations too will be able to learn from MNCs and improve their performance.

From the perspective of local economy, increased performance for corporations in Tanzania will mean better economy and thus better opportunities for career path for individuals. This will also help to reduce the problem of brain drain where skilled labour flee out of Tanzania looking for better career paths in other places such as in developed countries. Therefore MNCs have plenty to offer to the Tanzanians in terms of career and corporations' development and also MNCs have plenty of opportunities to utilize these capabilities to sustain their competitive position.

6.3 Further Research Suggestions

Based on the reviewed literature, there is a lack of research on Africa and especially the management aspect (Harvey 2002; Jackson 2002a&b; Kamoche et al. 2004; Debra et al. 2006). Research on HRM and related issues in Africa is even scarcer. This may arise due to the difficulties in doing research in this region and especially the difficulties of obtaining the required data. It might also be that many researchers do not have much interest on this region due to the role this area has in world economy. It is believed that if a region is well known and understood in terms of its business environment, organizations may realize that there is wide range of opportunities existing in this part of the world. Therefore, there is still a need of more research on management in Africa and especially on HRM.

This study increased our understanding of HRD practices of MNCs operating in Tanzania. However, future research is still needed since the research is so wide. This study will only suggest some of the possible further researches on the subject. Further research can be conducted on how is HRD for MNCs in Tanzania with reference to all

employees' levels. Also further research can be conducted on how MNCs contribute in developing Tanzania's human capital and the challenges involved. If the suggested researches are carried out significant knowledge on the relationship between MNCs and HRD in Tanzania and probably Africa will be explored.

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APPENDIX

Appendix 1

INTERVIEW FORM

I. Introduction

Name:

Job Title:

Corporation:

Business line:

Mode of establishment:

Ownership: How much is the parent ownership to your subsidiary?

How long has your corporation operated in Tanzania?

II. Training and Development Needs

- Training and development needs in the whole corporation versus specifics in Tanzania
- Training and development needs for different groups : - expatriates/inpatriates
 - Top management
 - Local management
- Identifications of training and development needs and those to be trained
 - Decision
 - Criteria
 - Methods and systems
 - Initiatives

Are the above local specifics or same in the whole corporation? Why?

III. Methods, Programmes & Contents

How does your company develop employees and corporation in relation to career and management development?

- Practices
- Methods used
- Programmes

Where did they come from? Corporate or local specifics and why?

IV. Implementation

- Training and development responsibility:
- Training and development implementation: - location
 - Investment (budget, time, resources etc for T&D)
- Trainer and trainee determination criteria

How are these processes similar or different to those of the corporation as a whole?

V. Factors

- Factors affecting the training and development (career and management development) in your corporation?
- Factors affecting the training and development (career and management development) in Tanzania
- Why?

VI. Evaluation

- How is evaluation conducted?
- Effectiveness of the methods and practices used
- At what period/time does the effectiveness get measured?
- Effectiveness measures in the corporation and in Tanzania
- Course of action taken over the findings

Thank you for your valuable cooperation!